

Form 1065 (2007) EPD INVESTMENTS, LLC

Page 3

| Schedule K Partners' Distributive Share Items | | Total amount |
|--|---|--|
| Income (Loss) | 1 Ordinary business income (loss) (page 1, line 22) | 1 -584,301. |
| | 2 Net rental real estate income (loss) (attach Form 8825) | 2 |
| | 3a Other gross rental income (loss) | 3a |
| | b Expenses from other rental activities (attach stmt) | 3b |
| | c Other net rental income (loss). Subtract line 3b from line 3a | 3c |
| | 4 Guaranteed payments | 4 |
| | 5 Interest income | 5 |
| | 6 Dividends: a Ordinary dividends | 6a |
| | b Qualified dividends | 6b |
| | 7 Royalties | 7 |
| | 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) | 8 |
| Deductions | 9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) | 9a |
| | b Collectibles (28%) gain (loss) | 9b |
| | c Unrecaptured section 1250 gain (attach statement) | 9c |
| | 10 Net section 1231 gain (loss) (attach Form 4797) | 10 |
| | 11 Other income (loss) (see instructions) Type ▶ | 11 |
| | 12 Section 179 deduction (attach Form 4562) | 12 |
| | 13a Contributions Cash contributions (50%) | 13a 0. |
| | b Investment interest expense | 13b |
| | c Section 59(e)(2) expenditures: (1) Type (2) Amount ▶ | 13c (2) |
| | d Other deductions (see instructions) Type ▶ | 13d |
| | Self-Employment | 14a Net earnings (loss) from self-employment |
| b Gross farming or fishing income | | 14b |
| c Gross nonfarm income | | 14c 3,377,071. |
| Credits | 15a Low-income housing credit (section 42(j)(5)) | 15a |
| | b Low-income housing credit (other) | 15b |
| | c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) | 15c |
| | d Other rental real estate credits (see instructions) Type ▶ | 15d |
| | e Other rental credits (see instructions) Type ▶ | 15e |
| | f Other credits (see instructions) Type ▶ | 15f |
| Foreign Transactions | 16a Name of country or U.S. possession ▶ | |
| | b Gross income from all sources | 16b |
| | c Gross income sourced at partner level | 16c |
| | Foreign gross income sourced at partnership level | |
| | d Passive category ▶ e General category ▶ f Other ▶ | 16f |
| | Deductions allocated and apportioned at partner level | |
| | g Interest expense ▶ h Other ▶ | 16h |
| | Deductions allocated and apportioned at partnership level to foreign source income | |
| | i Passive category ▶ j General category ▶ k Other ▶ | 16k |
| | l Total foreign taxes (check one): Paid <input type="checkbox"/> Accrued <input type="checkbox"/> | 16l |
| | m Reduction in taxes available for credit (attach statement) | 16m |
| n Other foreign tax information (attach statement) | | |
| Alternative Minimum Tax (AMT) Items | 17a Post-1986 depreciation adjustment | 17a -4. |
| | b Adjusted gain or loss | 17b |
| | c Depletion (other than oil and gas) | 17c |
| | d Oil, gas, and geothermal properties — gross income | 17d |
| | e Oil, gas, and geothermal properties — deductions | 17e |
| | f Other AMT items (attach stmt) | 17f |
| Other Information | 18a Tax-exempt interest income | 18a |
| | b Other tax-exempt income | 18b |
| | c Nondeductible expenses | 18c |
| | 19a Distributions of cash and marketable securities | 19a 0. |
| | b Distributions of other property | 19b 0. |
| | 20a Investment income | 20a |
| b Investment expenses | 20b | |
| c Other items and amounts (attach stmt) | | |

BAA

Form 1065 (2007)

PTPA0134 06/25/07

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Form 1065 (2007) EPD INVESTMENTS, LLC

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Analysis of Net Income (Loss)

| | | | |
|---|---|--------------------------|----------------------------|
| 1 | Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16i | 1 | -584,301. |
| 2 | Analysis by partner type: | | |
| | (i) Corporate | (ii) Individual (active) | (iii) Individual (passive) |
| | (iv) Partnership | (v) Exempt organization | (vi) Nominee/Other |
| a | General partners | | |
| b | Limited partners | -584,301. | |

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|-------------------------------------|--|-----------------------|-------------|-----------------|--------------|
| Assets | | (a) | (b) | (c) | (d) |
| 1 | Cash | | 241,988. | | 290,084. |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | | | | |
| 3 | Inventories | | | | |
| 4 | U.S. government obligations | | | | |
| 5 | Tax-exempt securities | | | | |
| 6 | Other current assets (attach stmt) Ln. 6. Stmt | | 1,381,696. | | -38,845. |
| 7 | Mortgage and real estate loans | | | | |
| 8 | Other investments (attach stmt) | | 33,507,633. | | |
| 9a | Buildings and other depreciable assets | 70,376. | | 70,376. | |
| b | Less accumulated depreciation | 22,091. | 48,285. | 26,717. | 43,659. |
| 10a | Depletable assets | | | | |
| b | Less accumulated depletion | | | | |
| 11 | Land (net of any amortization) | | | | |
| 12a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | | | | |
| 13 | Other assets (attach stmt) Ln. 13. Stmt | | 8,222,362. | | 26,383,550. |
| 14 | Total assets | | 43,401,964. | | 26,678,448. |
| Liabilities and Capital | | | | | |
| 15 | Accounts payable | | 97,282. | | 92,978. |
| 16 | Mortgages, notes, bonds payable in less than 1 year | | 387,267. | | 2,249,201. |
| 17 | Other current liabilities (attach stmt) Ln. 17. Stmt | | 18,637,423. | | |
| 18 | All nonrecourse loans | | | | |
| 19 | Mortgages, notes, bonds payable in 1 year or more | | 34,271,890. | | 44,823,147. |
| 20 | Other liabilities (attach stmt) | | | | |
| 21 | Partners' capital accounts | | -9,991,898. | | -20,486,878. |
| 22 | Total liabilities and capital | | 43,401,964. | | 26,678,448. |

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

| | | | | | |
|---|--|-----------|---|---|-----------|
| 1 | Net income (loss) per books | -672,651. | 6 | Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize): | |
| 2 | Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize): | | a | Tax-exempt interest | \$ |
| | * STMT | 92,978. | | | |
| 3 | Guaranteed pmts (other than health insurance) | | 7 | Deductions included on Schedule K, lines 1 through 13d, and 16i, not charged against book income this year (itemize): | |
| 4 | Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16i (itemize): | | a | Depreciation | \$ 4,626. |
| a | Depreciation | \$ | | * STMT | 2. |
| b | Travel and entertainment | \$ | 8 | Add lines 6 and 7 | 4,628. |
| 5 | Add lines 1 through 4 | -579,673. | 9 | Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5 | -584,301. |

Schedule M-2 Analysis of Partners' Capital Accounts

| | | | | | |
|---|------------------------------|--------------|---|---|--------------|
| 1 | Balance at beginning of year | -9,991,898. | 6 | Distributions: a Cash | 0. |
| 2 | Capital contributed: a Cash | 0. | b | Property | 0. |
| | b Property | 0. | 7 | Other decreases (itemize): | |
| 3 | Net income (loss) per books | -672,651. | | * STMT | |
| 4 | Other increases (itemize): | | | | 9,822,329. |
| 5 | Add lines 1 through 4 | -10,664,549. | 8 | Add lines 6 and 7 | 9,822,329. |
| | | | 9 | Balance at end of year. Subtract line 8 from line 5 | -20,486,878. |

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Form 1065 (2007)

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Form **7004**

(Rev. December 2007)
Department of the Treasury
Internal Revenue Service

Application for Automatic 6-Month Extension of Time To File Certain Business Income Tax, Information, and Other Returns

OMB No. 1545-0233

► File a separate application for each return.

Type or
Print

Name

EPD INVESTMENTS, LLC

Identifying number

Number, street, and room or suite number. (If P.O. box, see instructions.)

520 BROADWAY, SUITE 660

City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)).

SANTA MONICA

CA 90401

File by the due
date for the
return for which
an extension is
requested. See
instructions.

Note. See instructions before completing this form.

- 1 Enter the form code for the return that this application is for (see below) **09**
- 2 If the foreign corporation does not have an office or place of business in the United States, check here ☐
- 3 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here ☐
- 4a The application is for calendar year 20 07, or tax year beginning _____, 20 __, and ending _____, 20 __
- b Short tax year. If this tax year is less than 12 months, check the reason:
☐ Initial return ☐ Final return ☐ Change in accounting period ☐ Consolidated return to be filed
- 5 If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here ☐
 If checked, attach a schedule, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

- | | | |
|---|---|--|
| 6 Tentative total tax | 6 | |
| 7 Total payments and credits (see instructions) | 7 | |
| 8 Balance due. Subtract line 7 from line 6. Generally, you must deposit this amount using the Electronic Federal Tax Payment System (EFTPS), a Federal Tax Deposit (FTD) Coupon, or Electronic Funds Withdrawal (EFW) (see instructions for exceptions) | 8 | |

| Application Is For: | Form Code | Application Is For: | Form Code |
|--|-----------|-----------------------------------|-----------|
| Form 706-GS(D) | 01 | Form 1120-ND | 19 |
| Form 706-GS(T) | 02 | Form 1120-ND (section 4951 taxes) | 20 |
| Form 1041 (estate) | 04 | Form 1120-PC | 21 |
| Form 1041 (trust) | 05 | Form 1120-POL | 22 |
| Form 1041-N | 06 | Form 1120-REIT | 23 |
| Form 1041-QFT | 07 | Form 1120-RIC | 24 |
| Form 1042 | 08 | Form 1120-S | 25 |
| Form 1065 | 09 | Form 1120-SF | 26 |
| Form 1065-B | 10 | Form 3520-A | 27 |
| Form 1066 | 11 | Form 8612 | 28 |
| Form 1120 | 12 | Form 8613 | 29 |
| Form 1120-A (fiscal year 2006-2007 corporations) | 14 | Form 8725 | 30 |
| Form 1120-C | 34 | Form 8804 | 31 |
| Form 1120-E | 15 | Form 8831 | 32 |
| Form 1120-FSC | 16 | Form 8876 | 33 |
| Form 1120-H | 17 | Form 8924 | 35 |
| Form 1120-L | 18 | | |

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 7004 (Rev 12-2007)

Form 7004 Electronic Filing Information Worksheet

2007

Name
EPD INVESTMENTS, LLC

Social Security Number

Prepare Form 7004 for Electronic Filing

Extension accepted ☒

Signature of Officer

Officer's Name
Officer's Title
Signature Date

Perjury Statement: Under penalties of perjury, I declare that I have been authorized by the above taxpayer to make this authorization and that I have examined a copy of the taxpayer's electronic extension (Form 7004) for the tax period indicated above and to the best of my knowledge and belief, it is true, correct, and complete.

Consent to disclosure: I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the partnership's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund.

651107

OMB No. 1545-0099

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2007

For calendar year 2007, or tax

year beginning _____, 2007
ending _____, 2007

Partner's Share of Income, Deductions, Credits, etc.

▶ See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number

B Partnership's name, address, city, state, and ZIP code
EPD INVESTMENTS, LLC
520 BROADWAY, SUITE 660
SANTA MONICA, CA 90401

C IRS Center where partnership filed return
OGDEN, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number

F Partner's name, address, city, state, and ZIP code
JERROLD S. PRESSMAN
520 BROADWAY
SUITE 660
SANTA MONICA, CA 90401

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? INDIVIDUAL

J Partner's share of profit, loss, and capital:

| | Beginning | Ending |
|---------|------------|------------|
| Profit | 49.00000 % | 49.00000 % |
| Loss | 49.00000 % | 49.00000 % |
| Capital | 49.00000 % | 49.00000 % |

K Partner's share of liabilities at year end:

| | | |
|---------------------------------|----|-------------|
| Nonrecourse | \$ | |
| Qualified nonrecourse financing | \$ | 23,065,451. |
| Recourse | \$ | 45,559. |

L Partner's capital account analysis:

| | | |
|-------------------------------------|----|--------------|
| Beginning capital account | \$ | -4,896,030. |
| Capital contributed during the year | \$ | 0. |
| Current year increase (decrease) | \$ | -5,142,540. |
| Withdrawals and distributions | \$ | 0. |
| Ending capital account | \$ | -10,038,570. |

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

☐ Final K-1

☐ Amended K-1

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

| | | | |
|-----------|--------------------------------------|-----------|--|
| 1 | Ordinary business income (loss) | 15 | Credits |
| | -286,307. | | |
| 2 | Net rental real estate income (loss) | | |
| 3 | Other net rental income (loss) | 16 | Foreign transactions |
| 4 | Guaranteed payments | | |
| 5 | Interest income | | |
| 6a | Ordinary dividends | | |
| 6b | Qualified dividends | | |
| 7 | Royalties | | |
| 8 | Net short-term capital gain (loss) | | |
| 9a | Net long-term capital gain (loss) | 17 | Alternative minimum tax (AMT) items |
| | | A | -2. |
| 9b | Collectibles (28%) gain (loss) | | |
| 9c | Unrecaptured section 1250 gain | | |
| 10 | Net section 1231 gain (loss) | 18 | Tax-exempt income and nondeductible expenses |
| 11 | Other income (loss) | | |
| | | | |
| 12 | Section 179 deduction | 19 | Distributions |
| | | A | 0. |
| 13 | Other deductions | B | 0. |
| A | 0. | 20 | Other information |
| 14 | Self-employment earnings (loss) | | |
| A | -286,307. | | |
| C | 1,654,765. | | |

*See attached statement for additional information.

FOR IRS USE ONLY

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Schedule K-1 (Form 1065) 2007

PTPA0312 12/31/07

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Schedule K-1 (Form 1065) 2007 **JERROLD S. PRESSMAN**

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This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

| | | | |
|---|--|---|---|
| 1 | Ordinary business income (loss). You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows: | | |
| | <i>Report on</i> | K Empowerment zone and renewal community employment credit | Form 8844, line 3 |
| | Passive loss | L Credit for increasing research activities | See the Partner's Instructions |
| | Passive income | M New markets credit | |
| | Nonpassive loss | N Credit for employer social security and Medicare taxes | |
| | Nonpassive income | O Backup withholding | |
| 2 | Net rental real estate income (loss) | P Other credits | Form 1040, line 64 |
| 3 | Other net rental income (loss) | | See the Partner's Instructions |
| | Net income | | |
| | Net loss | 16 Foreign transactions | |
| 4 | Guaranteed payments | A Name of country or U.S. possession | Form 1116, Part I |
| 5 | Interest income | B Gross income from all sources | |
| 6a | Ordinary dividends | C Gross income sourced at partner level | |
| 6b | Qualified dividends | <i>Foreign gross income sourced at partnership level</i> | |
| 7 | Royalties | D Passive category | Form 1116, Part I |
| 8 | Net short-term capital gain (loss) | E General category | |
| 9a | Net long-term capital gain (loss) | F Other | |
| 9b | Collectibles (28%) gain (loss) | <i>Deductions allocated and apportioned at partner level</i> | |
| 9c | Unrecaptured section 1250 gain | G Interest expense | Form 1116, Part I |
| 10 | Net section 1231 gain (loss) | H Other | Form 1116, Part I |
| 11 | Other income (loss) | <i>Deductions allocated and apportioned at partnership level to foreign source income</i> | |
| | <i>Code</i> | I Passive category | Form 1116, Part I |
| A | Other portfolio income (loss) | J General category | |
| B | Involuntary conversions | K Other | |
| C | Section 1256 contracts and straddles | <i>Other information</i> | |
| D | Mining exploration costs recapture | L Total foreign taxes paid | Form 1116, Part II |
| E | Cancellation of debt | M Total foreign taxes accrued | Form 1116, Part II |
| F | Other income (loss) | N Reduction in taxes available for credit | Form 1116, line 12 |
| 12 | Section 179 deduction | O Foreign trading gross receipts | Form 8873 |
| 13 | Other deductions | P Extraterritorial income exclusion | Form 8873 |
| A | Cash contributions (50%) | Q Other foreign transactions | See the Partner's Instructions |
| B | Cash contributions (30%) | 17 Alternative minimum tax (AMT) items | |
| C | Noncash contributions (50%) | A Post-1986 depreciation adjustment | See the Partner's Instructions and the Instructions for Form 6251 |
| D | Noncash contributions (30%) | B Adjusted gain or loss | |
| E | Capital gain property to a 50% organization (30%) | C Depletion (other than oil & gas) | |
| F | Capital gain property (20%) | D Oil, gas, & geothermal — gross income | |
| G | Investment interest expense | E Oil, gas, & geothermal — deductions | |
| H | Deductions — royalty income | F Other AMT items | |
| I | Section 59(e)(2) expenditures | 18 Tax-exempt income and nondeductible expenses | |
| J | Deductions — portfolio (2% floor) | A Tax-exempt interest income | Form 1040, line 8b |
| K | Deductions — portfolio (other) | B Other tax-exempt income | See the Partner's Instructions |
| L | Amounts paid for medical insurance | C Nondeductible expenses | See the Partner's Instructions |
| M | Educational assistance benefits | 19 Distributions | |
| N | Dependent care benefits | A Cash and marketable securities | See the Partner's Instructions |
| O | Preproductive period expenses | B Other property | See the Partner's Instructions |
| P | Commercial revitalization deduction from rental real estate activities | 20 Other information | |
| Q | Pensions and IRAs | A Investment income | Form 4952, line 4a |
| R | Reforestation expense deduction | B Investment expenses | Form 4952, line 5 |
| S | Domestic production activities information | C Fuel tax credit information | Form 4136 |
| T | Qualified production activities income | D Qualified rehabilitation expenditures (other than rental real estate) | See the Partner's Instructions |
| U | Employer's W-2 wages | E Basis of energy property | See the Partner's Instructions |
| V | Other deductions | F Recapture of low-income housing credit (section 42(j)(5)) | Form 8611, line 8 |
| 14 | Self-employment earnings (loss) | G Recapture of low-income housing credit (other) | Form 8611, line 8 |
| <i>Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.</i> | | | |
| A | Net earnings (loss) from self-employment | H Recapture of investment credit | Form 4255 |
| B | Gross farming or fishing income | I Recapture of other credits | See the Partner's Instructions |
| C | Gross non-farm income | J Look-back interest — completed long-term contracts | See Form 8697 |
| 15 | Credits | K Look-back interest — income forecast method | See Form 8856 |
| A | Low-income housing credit (section 42(j)(5)) | L Dispositions of property with section 179 deductions | See the Partner's Instructions |
| B | Low-income housing credit (other) | M Recapture of section 179 deduction | |
| C | Qualified rehabilitation expenditures (rental real estate) | N Interest expense for corporate partners | |
| D | Other rental real estate credits | O Section 453(l)(3) information | |
| E | Other rental credits | P Section 453A(c) information | |
| F | Undistributed capital gains credit | Q Section 1260(b) information | |
| G | Credit for alcohol used as fuel | R Interest allocable to production expenditures | |
| H | Work opportunity credit | S CCF nonqualified withdrawals | |
| I | Welfare-to-work credit | T Information needed to figure depletion — oil and gas | |
| J | Disabled access credit | U Amortization of reforestation costs | |
| | | V Unrelated business taxable income | |
| | | W Other information | |

651107

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2007
For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 2007

☐ Final K-1

☐ Amended K-1

OMB No. 1545-0099

Partner's Share of Income, Deductions, Credits, etc.
▶ See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
[REDACTED]

B Partnership's name, address, city, state, and ZIP code
EPD INVESTMENTS, LLC
520 BROADWAY, SUITE 660
SANTA MONICA, CA 90401

C IRS Center where partnership filed return
OGDEN, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
[REDACTED]

F Partner's name, address, city, state, and ZIP code
KEITH PRESSMAN
520 BROADWAY
SUITE 660
SANTA MONICA, CA 90401

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? INDIVIDUAL

J Partner's share of profit, loss, and capital:

| | Beginning | Ending |
|---------|------------|------------|
| Profit | 51.00000 % | 51.00000 % |
| Loss | 51.00000 % | 51.00000 % |
| Capital | 51.00000 % | 51.00000 % |

K Partner's share of liabilities at year end:

| | | |
|---------------------------------|----|-------------|
| Nonrecourse | \$ | |
| Qualified nonrecourse financing | \$ | 24,006,897. |
| Recourse | \$ | 47,419. |

L Partner's capital account analysis:

| | | |
|-------------------------------------|----|--------------|
| Beginning capital account | \$ | -5,095,868. |
| Capital contributed during the year | \$ | 0. |
| Current year increase (decrease) | \$ | -5,352,440. |
| Withdrawals and distributions | \$ | 0. |
| Ending capital account | \$ | -10,448,308. |

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

| | | | |
|----|--------------------------------------|----|--|
| 1 | Ordinary business income (loss) | 15 | Credits |
| | -297,994. | | |
| 2 | Net rental real estate income (loss) | | |
| 3 | Other net rental income (loss) | 16 | Foreign transactions |
| 4 | Guaranteed payments | | |
| 5 | Interest income | | |
| 6a | Ordinary dividends | | |
| 6b | Qualified dividends | | |
| 7 | Royalties | | |
| 8 | Net short-term capital gain (loss) | | |
| 9a | Net long-term capital gain (loss) | 17 | Alternative minimum tax (AMT) items |
| | | A | -2. |
| 9b | Collectibles (28%) gain (loss) | | |
| 9c | Unrecaptured section 1250 gain | | |
| 10 | Net section 1231 gain (loss) | 18 | Tax-exempt income and nondeductible expenses |
| 11 | Other income (loss) | | |
| | | | |
| | | | |
| 12 | Section 179 deduction | A | 0. |
| 13 | Other deductions | B | 0. |
| A | 0. | | |
| 14 | Self-employment earnings (loss) | | |
| A | -297,994. | | |
| C | 1,722,306. | | |

*See attached statement for additional information.

FOR
IRS
USE
ONLY

BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2007

PTPA0312 12/31/07

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Schedule K-1 (Form 1065) 2007 KEITH PRESSMAN

Page 2

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

| | | | |
|---|--|---|--|
| 1 | Ordinary business income (loss). You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows: | | |
| | Passive loss | See the Partner's Instructions | |
| | Passive income | Schedule E, line 28, column (g) | |
| | Nonpassive loss | Schedule E, line 28, column (h) | |
| | Nonpassive income | Schedule E, line 28, column (i) | |
| 2 | Net rental real estate income (loss) | See the Partner's Instructions | |
| 3 | Other net rental income (loss) | See the Partner's Instructions | |
| | Net income | Schedule E, line 28, column (g) | |
| | Net loss | See the Partner's Instructions | |
| 4 | Guaranteed payments | Schedule E, line 28, column (j) | |
| 5 | Interest income | Form 1040, line 8a | |
| 6a | Ordinary dividends | Form 1040, line 9a | |
| 6b | Qualified dividends | Form 1040, line 9b | |
| 7 | Royalties | Schedule E, line 4 | |
| 8 | Net short-term capital gain (loss) | Schedule D, line 5, column (f) | |
| 9a | Net long-term capital gain (loss) | Schedule D, line 12, column (f) | |
| 9b | Collectibles (28%) gain (loss) | 28% Rate Gain Worksheet, line 4 (Schedule D Instructions) | |
| 9c | Unrecaptured section 1250 gain | See the Partner's Instructions | |
| 10 | Net section 1231 gain (loss) | See the Partner's Instructions | |
| 11 | Other income (loss) | | |
| | Code | | |
| | A Other portfolio income (loss) | See the Partner's Instructions | |
| | B Involuntary conversions | See the Partner's Instructions | |
| | C Section 1256 contracts and straddles | Form 6781, line 1 | |
| | D Mining exploration costs recapture | See Pub 535 | |
| | E Cancellation of debt | Form 1040, line 21 or Form 982 | |
| | F Other income (loss) | See the Partner's Instructions | |
| 12 | Section 179 deduction | See the Partner's Instructions | |
| 13 | Other deductions | | |
| | A Cash contributions (50%) | See the Partner's Instructions | |
| | B Cash contributions (30%) | | |
| | C Noncash contributions (50%) | | |
| | D Noncash contributions (30%) | | |
| | E Capital gain property to a 50% organization (30%) | | |
| | F Capital gain property (20%) | | |
| | G Investment interest expense | Form 4952, line 1 | |
| | H Deductions — royalty income | Schedule E, line 18 | |
| | I Section 59(e)(2) expenditures | See the Partner's Instructions | |
| | J Deductions — portfolio (2% floor) | Schedule A, line 23 | |
| | K Deductions — portfolio (other) | Schedule A, line 28 | |
| | L Amounts paid for medical insurance | Schedule A, line 1 or Form 1040, line 29 | |
| | M Educational assistance benefits | See the Partner's Instructions | |
| | N Dependent care benefits | Form 2441, line 14 | |
| | O Preproductive period expenses | See the Partner's Instructions | |
| | P Commercial revitalization deduction from rental real estate activities | See Form 8582 Instructions | |
| | Q Pensions and IRAs | See the Partner's Instructions | |
| | R Reforestation expense deduction | See the Partner's Instructions | |
| | S Domestic production activities information | See Form 8903 Instructions | |
| | T Qualified production activities income | Form 8903, line 7 | |
| | U Employer's W-2 wages | Form 8903, line 15 | |
| | V Other deductions | See the Partner's Instructions | |
| 14 | Self-employment earnings (loss) | | |
| Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE. | | | |
| | A Net earnings (loss) from self-employment | Schedule SE, Section A or B | |
| | B Gross farming or fishing income | See the Partner's Instructions | |
| | C Gross non-farm income | See the Partner's Instructions | |
| 15 | Credits | | |
| | A Low-income housing credit (section 42(j)(5)) | See the Partner's Instructions | |
| | B Low-income housing credit (other) | | |
| | C Qualified rehabilitation expenditures (rental real estate) | | |
| | D Other rental real estate credits | | |
| | E Other rental credits | | |
| | F Undistributed capital gains credit | Form 1040, line 70; check box a | |
| | G Credit for alcohol used as fuel | See the Partner's Instructions | |
| | H Work opportunity credit | | |
| | I Welfare-to-work credit | | |
| | J Disabled access credit | | |
| | Code | | |
| | K Empowerment zone and renewal community employment credit | Form 8844, line 3 | |
| | L Credit for increasing research activities | See the Partner's Instructions | |
| | M New markets credit | | |
| | N Credit for employer social security and Medicare taxes | | |
| | O Backup withholding | Form 1040, line 64 | |
| | P Other credits | See the Partner's Instructions | |
| 16 | Foreign transactions | | |
| | A Name of country or U.S. possession | Form 1116, Part I | |
| | B Gross income from all sources | | |
| | C Gross income sourced at partner level | | |
| | Foreign gross income sourced at partnership level | | |
| | D Passive category | Form 1116, Part I | |
| | E General category | | |
| | F Other | | |
| | Deductions allocated and apportioned at partner level | | |
| | G Interest expense | Form 1116, Part I | |
| | H Other | Form 1116, Part I | |
| | Deductions allocated and apportioned at partnership level to foreign source income | | |
| | I Passive category | Form 1116, Part I | |
| | J General category | | |
| | K Other | | |
| | Other information | | |
| | L Total foreign taxes paid | Form 1116, Part II | |
| | M Total foreign taxes accrued | Form 1116, Part II | |
| | N Reduction in taxes available for credit | Form 1116, line 12 | |
| | O Foreign trading gross receipts | Form 8873 | |
| | P Extraterritorial income exclusion | Form 8873 | |
| | Q Other foreign transactions | See the Partner's Instructions | |
| 17 | Alternative minimum tax (AMT) items | | |
| | A Post-1986 depreciation adjustment | See the Partner's Instructions and the Instructions for Form 6251 | |
| | B Adjusted gain or loss | | |
| | C Depletion (other than oil & gas) | | |
| | D Oil, gas, & geothermal — gross income | | |
| | E Oil, gas, & geothermal — deductions | | |
| | F Other AMT items | | |
| 18 | Tax-exempt income and nondeductible expenses | | |
| | A Tax-exempt interest income | Form 1040, line 8b | |
| | B Other tax-exempt income | See the Partner's Instructions | |
| | C Nondeductible expenses | See the Partner's Instructions | |
| 19 | Distributions | | |
| | A Cash and marketable securities | See the Partner's Instructions | |
| | B Other property | See the Partner's Instructions | |
| 20 | Other information | | |
| | A Investment income | Form 4952, line 4a | |
| | B Investment expenses | Form 4952, line 5 | |
| | C Fuel tax credit information | Form 4136 | |
| | D Qualified rehabilitation expenditures (other than rental real estate) | See the Partner's Instructions | |
| | E Basis of energy property | See the Partner's Instructions | |
| | F Recapture of low-income housing credit (section 42(j)(5)) | Form 8611, line 8 | |
| | G Recapture of low-income housing credit (other) | Form 8611, line 8 | |
| | H Recapture of investment credit | Form 4255 | |
| | I Recapture of other credits | See the Partner's Instructions | |
| | J Look-back interest — completed long-term contracts | See Form 8697 | |
| | K Look-back interest — income forecast method | See Form 8866 | |
| | L Dispositions of property with section 179 deductions | See the Partner's Instructions | |
| | M Recapture of section 179 deduction | | |
| | N Interest expense for corporate partners | | |
| | O Section 453(l)(3) information | | |
| | P Section 453A(c) information | | |
| | Q Section 1260(b) information | | |
| | R Interest allocable to production expenditures | | |
| | S CCF nonqualified withdrawals | | |
| | T Information needed to figure depletion — oil and gas | | |
| | U Amortization of reforestation costs | | |
| | V Unrelated business taxable income | | |
| | W Other information | | |

PTPA0312 12/31/07

Schedule K-1 (Form 1065) 2007

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

- Keep for your records

EPD INVESTMENTS, LLC

Page 2

Part V – Electronic Filing Information

Electronic Filing:

- ☐ Check this box to file the federal return electronically
☐ Check this box to file the state(s) electronically

* Select the state or states to file electronically.
Multiple states can be entered.

| State(s) * |
|------------|
| |
| |
| |
| |

Practitioner PIN program:

- ☒ Check this box to sign this return electronically using the Practitioner PIN
☐ ERO entered PIN

Partner's or Limited Liability Company Member's PIN (enter any 5 numbers)
Date PIN entered 12/15/2008

Electronic Filing of Extensions:

- ☒ Check this box to file **Form 7004** (application for extension of time to file return) electronically
☐ Check this box to file the state extension(s) electronically (MA & MD only)

* Select the state or states to file electronically. (Multiple states can be entered)

| State(s) * |
|------------|
| |
| |
| |
| |




Information required for Electronic Filing:

Partner's or LLC Member's Name JERROLD S PRESSMAN
☐ General Partner ☐ Limited Liability Company Member ☒ Tax Matters Partner (TMP)

Electronic Filing of Amended Return:

- ☐ Check this box to file **amended return** electronically

QuickZoom to the Electronic Filing Information Worksheet 

QuickZoom here to Form 1065, page 1 and 2 
QuickZoom here to Schedule K-1 Worksheet 
QuickZoom to Client Status 

ptpw3001.SCR 11/24/07

Form 1065

Schedule M-1 Items Worksheet

2007

► Keep for your records

Name as Shown on Return

Employer Identification No.

EPD INVESTMENTS, LLC

| Income Items: | S A | Per Books | Per Tax Return (Schedule K) | Difference (Book - Tax) |
|---|----------------|----------------------|--|------------------------------------|
| Description | | | | |
| <i>Permanent items (tax-exempt income):</i> | | | | |
| Tax-exempt interest from Sch K, ln 18a - enter below in state vs out of state | | | | |
| Tax-exempt interest - in state: | | | | |
| Direct Entry From K-1s | | | | |
| Tax-exempt interest - out of state | | | | |
| Life insurance proceeds | | | | |
| Other permanent items (income): | | | | |
| | | | | |
| | | | | |
| Gain (loss) on disposition of sec 179 assets | | | | |
| Alcohol used as fuel or incl in income | | | | |
| <i>Guaranteed payments</i> | | | | |
| <i>Timing (temporary) items:</i> | | | | |
| Unearned rent income | | | | |
| Unearned income | | | | |
| Gain on sale of assets | | | | |
| Installment sale income | | | | |
| Other timing items (income): | | | | |
| | | | | |
| | | | | |
| Total | | | | |
| Expense Items: | S A | Per Books | Per Tax Return (Schedule K) | Difference (Tax - Book) |
| Description | | | | |
| <i>Permanent items (nondeductible expenses):</i> | | | | |
| Disallowed travel, meals, and entertainment | | | | |
| Lease inclusion amount - enter as a negative | | | | |
| Work opportunity credit wage reduction | | | | |
| Empowerment zone credit wage reduction | | | | |
| Indian employment credit wage reduction | | | | |
| Welfare-to-Work credit wage reduction | | | | |
| Payroll tax reduc for cr from Form 8846 | | | | |
| Retiremt exp reduc for cr from Form 8881 | | | | |
| State underpayment penalty | | | | |
| Other fines and penalties | | | | |
| Life insurance premiums | | | | |
| Interest paid to carry tax-exempt investmnt | | | | |
| Other expenses related to tax-exempt inc | | | | |
| Other permanent items (expenses): | | | | |
| | | | | |
| | | | | |
| <i>Timing (temporary) items:</i> | | | | |
| Depreciation and section 179 expense | | | | |
| Amortization | | | 4,626. | |
| Section 754 depreciation | | | | |
| Section 754 amortization | | | | |
| Depletion other than oil and gas | | | | |
| Loss on sale of assets | | | | |
| Organizational costs | | | | |
| Bad debt expense | | | | |
| Prepaid expenses | | | | |
| Other timing items (expenses): | | | | |
| | | | | |
| | | | | |
| Total | | | 4,626. | |

PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

**Schedule K
Line 14a**

Net Self-Employment Earnings Worksheet

2007

► Keep for your records

| Name as Shown on Return EPD INVESTMENTS, LLC | | | | Employer Identification No. <div style="background-color: black; width: 100px; height: 20px;"></div> | |
|--|--------|----------------------------------|---|---|--|
| Description | S A | Column A Partnership Total | Column B Amounts allocated to general partners who are individuals or partnerships | Column C Amounts allocated to limited partners who are individuals or partnerships | Column D Amounts allocated to all other partners |
| 1 a Ordinary income (loss) (Schedule K, line 1) | | -584,301. | -584,301. | | 0. |
| b Net income (loss) from certain rental real estate activities | | | | | |
| c Net income (loss) from other rental activities (Sch K, line 3c) .. | | | | | |
| d Net loss from Form 4797, Part II, line 17, included on line 1a | | | | | |
| e Combine lines 1a through 1d | | -584,301. | -584,301. | | 0. |
| 2 Net gain from Form 4797, Part II, line 17, included on line 1a | | | | | |
| 3 a Subtract line 2 from line 1e | | -584,301. | -584,301. | | 0. |
| b Part of line 3a allocated to limited partners, estates, trusts, corporations, and exempt organizations and IRA's | | 0. | | | 0. |
| c Subtract line 3b from line 3a | | -584,301. | -584,301. | | 0. |
| 4 a Guaranteed payments (GP) and other items used to figure self-employment (SE) earnings: | | | | | |
| (1) GP for services | | | | | |
| (2) GP other than for services ... | | | | | |
| (3) Other Sched K items used to figure SE earnings | | | | | |
| Total of lines 4a(1) through (3) ... | | | | | |
| b Part of 4a allocated to individual limited partners for other than GP for services and to estates, trusts, corporations, etc. | | | | | |
| c Subtract line 4b from line 4a | | | | | |
| d Other adjustments to figure self-employment earnings | | | | | |
| e Part of 4d allocated to estates, trusts, corporations, etc. | | | | | |
| f Subtract line 4e from line 4d | | | | | |
| 5 Net earnings (loss) from self-employment. Combine lines 3c, 4c and 4f | | -584,301. | -584,301. | | 0. |

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EPD INVESTMENTS, LLC [REDACTED]

1

Schedule K Reconciliation

| Partner | -1- Ordinary Inc/Loss | -13a- Charit Contrib | -14a- Net SE Earn/Loss | -17a- Depr Adj After 86 | -19a- Distrib of Money |
|---------------------|-----------------------------|----------------------------|------------------------------|-------------------------------|------------------------------|
| JERROLD S. PRESSMAN | -286,307 | 0 | -286,307 | -2 | 0 |
| KEITH PRESSMAN | -297,994 | 0 | -297,994 | -2 | 0 |
| Total | <u>-584,301</u> | <u>0</u> | <u>-584,301</u> | <u>-4</u> | <u>0</u> |

EPD INVESTMENTS, LLC [REDACTED]

1

Schedule K Reconciliation

| Partner | -19b- Distrib of Prop | K-1 K(2) Qual Non- Recourse | K-1 K(3) Liab Other | K-1 L(3) M-2 Decreases | K-1 L(c) Sch K-1 Item L(c) |
|---------------------|-----------------------------|-----------------------------------|---------------------------|------------------------------|----------------------------------|
| JERROLD S. PRESSMAN | 0 | 23,065,451 | 45,559 | 4,812,941 | -5,142,540 |
| KEITH PRESSMAN | 0 | 24,006,897 | 47,419 | 5,009,388 | -5,352,440 |
| Total | 0 | 47,072,348 | 92,978 | 9,822,329 | -10,494,980 |

Form 1065

Two Year Comparison

2007

► Keep for your records

| Name of Partnership | | | | | Employer Identification Number | |
|--|------------|-------------------|------------|-------------------|--------------------------------|---------|
| EPD INVESTMENTS, LLC | | | | | | |
| Ordinary Income (Loss) | 2007 | | 2006 | | Difference 2007 - 2006 | |
| | Amount | % of Total Income | Amount | % of Total Income | Amount | % |
| 1a Gross receipts or sales | 3,377,071. | | 2,593,244. | | 783,827. | 30.23 |
| b Less returns and allowances | | | | | | |
| c Net receipts | 3,377,071. | | 2,593,244. | | 783,827. | 30.23 |
| 2 Cost of goods sold (Schedule A) .. | | | 765,000. | | -765,000. | -100.00 |
| 3 Gross profit | 3,377,071. | | 1,828,244. | | 1,548,827. | 84.72 |
| 4 Ordinary income from other partnerships, estates, trusts | | | | | | |
| 5 Net farm profit (loss) | | | | | | |
| 6 Net gain (loss) from Form 4797 .. | | | | | | |
| 7 Other income (loss) | | | 163,583. | | -163,583. | -100.00 |
| 8 Total income (loss) | 3,377,071. | 100.00 | 1,991,827. | 100.00 | 1,385,244. | 69.55 |

Deductions

| | | | | | | |
|---|------------|--------|-------------|---------|-------------|---------|
| 9 Salaries and wages (less employment credits) | 84,978. | 2.52 | 217,958. | 10.94 | -132,980. | -61.01 |
| 10 Guaranteed payments to partners | | 0.00 | | 0.00 | | |
| 11 Repairs and maintenance | -197. | -0.01 | -55. | 0.00 | -142. | -258.18 |
| 12 Bad debts | | 0.00 | | 0.00 | | |
| 13 Rents | -8,317. | -0.25 | 3,715. | 0.19 | -12,032. | -323.88 |
| 14 Taxes and licenses | 28,829. | 0.85 | 487,519. | 24.48 | -458,690. | -94.09 |
| 15 Interest | 1,383,966. | 40.98 | 1,855,442. | 93.15 | -471,476. | -25.41 |
| 16a Depreciation on Form 4562 | 4,626. | 0.14 | 7,630. | 0.38 | -3,004. | -39.37 |
| b Less depreciation on Schedule A and elsewhere | | 0.00 | | 0.00 | | |
| c Net depreciation | 4,626. | 0.14 | 7,630. | 0.38 | -3,004. | -39.37 |
| 17 Depletion (not oil and gas) | | 0.00 | | 0.00 | | |
| 18 Retirement plans, etc | | 0.00 | | 0.00 | | |
| 19 Employee benefit programs | | 0.00 | | 0.00 | | |
| 20 Other deductions | 2,467,487. | 73.07 | 4,398,414. | 220.82 | -1,930,927. | -43.90 |
| 21 Total deductions | 3,961,372. | 117.30 | 6,970,623. | 349.96 | -3,009,251. | -43.17 |
| 22 Ordinary income (loss) from trade/business | -584,301. | -17.30 | -4,978,796. | -249.96 | 4,394,495. | 88.26 |

Schedule K Items:

| Income (Loss) | 2007 | 2006 | Difference 2007- 2006 | |
|--|-----------|-------------|-----------------------|---------|
| | | | Amount | % |
| 1 Ordinary income (loss) from trade or business | -584,301. | -4,978,796. | 4,394,495. | 88.26 |
| 2 Net income (loss) from rental real estate | | | | |
| 3 Net income (loss) from other rental activities | | | | |
| 4 Guaranteed payments to partners | | | | |
| 5 Interest income | | 43,401. | -43,401. | -100.00 |
| 6a Dividends — ordinary | | | | |
| b Dividends — qualified | | | | |
| 7 Royalty income | | | | |
| 8 Net short-term capital gain (loss) | | | | |
| 9 Net long-term capital gain (loss) | | | | |
| 10 Net gain (loss) under section 1231 | | | | |
| 11 Other income (loss) | | | | |

EPD INVESTMENTS, LLC

Page 2

Schedule K Items (continued):

Income (Loss)

Deductions

| | 2007 | 2006 | Difference 2007 - 2006 | |
|--|------|------|------------------------|---------|
| | | | Amount | % |
| 12 Section 179 expense deduction | | | | |
| 13a Charitable contributions | 0. | 100. | -100. | -100.00 |
| b Interest expense on investment debts | | | | |
| c Section 59(e)(2) expenditures | | | | |
| d Other deductions | | | | |

Self-Employment

| | | | | |
|--|------------|-------------|------------|-------|
| 14a Net earnings (loss) from self-employment | -584,301. | -4,978,796. | 4,394,495. | 88.26 |
| b Gross farming or fishing income | | | | |
| c Gross nonfarm income | 3,377,071. | 1,991,827. | 1,385,244. | 69.55 |

Credits

| | | | | |
|--|--|--|--|--|
| 15 Low-income housing credit: | | | | |
| a From partnerships section 42(j)(5) | | | | |
| b Other than on line 12a(1) | | | | |
| c Qualified rehabilitation expenditures related to rental real estate activities | | | | |
| d Credits related to other rental activities | | | | |
| e Other rental credits | | | | |
| f Other credits | | | | |

Foreign Taxes

| | | | | |
|--|--|--|--|--|
| 16b Gross income from all sources | | | | |
| c Gross income sourced at partnership level | | | | |
| Foreign gross income sourced at partnership level: | | | | |
| d Passive category | | | | |
| e General category | | | | |
| f Other | | | | |
| Deductions allocated and apportioned at partner level: | | | | |
| g Interest expense | | | | |
| h Other | | | | |
| Deductions allocated and apportioned at partnership level: | | | | |
| i Passive category | | | | |
| j General category | | | | |
| k Other | | | | |
| l Total foreign taxes paid or accrued | | | | |
| m Reduction in taxes available for credit | | | | |

Adjustments and Tax Preference Items

| | | | | |
|--|-----|-----|-----|--------|
| 17a Depreciation adjustment on post-1986 property | -4. | -3. | -1. | -33.33 |
| b Adjusted gain or loss | | | | |
| c Depletion (other than oil and gas) | | | | |
| d Gross income from oil, gas or geothermal properties | | | | |
| e Deductions allocated to oil, gas, or geothermal properties | | | | |
| f Other adjustments and tax preference items | | | | |

Other

| | | | | |
|--|-----------|-------------|------------|---------|
| 18a Tax-exempt interest income | | | | |
| b Other tax-exempt income | | | | |
| c Nondeductible expenses | | | | |
| 19a Distributions of money (cash and securities) | 0. | | 0. | |
| b Distributions of property other than money | 0. | | 0. | |
| 20a Investment income | | 43,401. | -43,401. | -100.00 |
| b Investment expenses | | | | |
| Form 1065, Page 4 | | | | |
| 1 Net income (loss) | -584,301. | -4,935,495. | 4,351,194. | 88.16 |

Form 1065

**Partnership
Five Year Tax History**
► Keep for your records

2007

Name as Shown on Return
EPD INVESTMENTS, LLC

Employer ID Number
[REDACTED]

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|---------------------------------------|------|------|------|--------------|--------------|
| 1 Gross receipts | | | | 1,991,827. | 3,377,071. |
| 2 Total business deductions | | | | 6,970,623. | 3,961,372. |
| 3 Net business income | | | | -4,978,796. | -584,301. |
| 4 Guaranteed payments | | | | | |
| 5 Other distributive income | | | | 43,401. | |
| 6 Total distributive income | | | | -4,935,395. | -584,301. |
| 7 Beginning capital | | | | -5,559,954. | -9,991,898. |
| 8 Capital contributions | | | | | 0. |
| 9 Withdrawals and distributions | | | | | 0. |
| 10 Other increases | | | | | |
| 11 Other decreases | | | | | 9,822,329. |
| 12 Ending capital | | | | -10,495,449. | -20,486,878. |

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Form 1065

Financial Statement Ratio Analysis

2007

► Keep for your records

| | | | |
|---|------|--|-----------------|
| Name of Partnership EPD INVESTMENTS, LLC | | Employer Identification Number [REDACTED] | |
| | 2007 | 2006 | U.S. Average |

Liquidity Ratios

| | | | |
|---|-----|-----|--|
| 1 Current Ratio | 0.1 | 0.1 | |
| Current Assets/Current Liabilities. Measures ability of the business to meet its current liabilities. | | | |
| 2 Acid Test (Quick Ratio) | 0.1 | 0.1 | |
| Quick Assets/Current Liabilities. Measures liquidity (conservative estimate). Eliminates assets not readily converted to cash. | | | |

Profitability Ratios

| | | | |
|---|------|-------|--|
| 3 Return on Total Assets (ROA) | -2.5 | -11.4 | |
| Net Income/Total Assets. Measures how effectively business assets are used to produce profit. Prior year amounts: Net income -4,935,495. | | | |
| 4 Return on Equity (ROE) | 4.4 | 63.5 | |
| Net Income/Average Equity. Measures the earning power of the business. Prior year amounts: Beginning Equity -5,559,954. | | | |

Leverage Ratios

| | | | |
|--|--------|--------|--|
| 5 Total Liabilities to Equity | -230.2 | -534.4 | |
| Total Liabilities/Equity. Measures the relationship between all creditors and the owners. | | | |
| 6 Fixed Assets to Long-Term Liabilities | 0.2 | 0.2 | |
| Fixed Assets/Long-Term Liabilities. Measures equity and relative ability to increase borrowing. | | | |

Activity Ratios

| | | | |
|---|-----|------|--|
| 7 Inventory Turnover | | | |
| Net Sales/Average Inventory. Measures how long the current inventory will be in stock and how soon it will be turned into sales. Prior year amounts: Beginning inventory Net sales 2,593,244. | | | |
| 8 Depreciation to Property Plant and Equipment | 6.6 | 10.8 | |
| Depreciation Expense/PPE. Measures reasonableness and consistency of depreciation over time. Prior year amounts: Depreciation expense 7,630. | | | |

EPD INVESTMENTS, LLC 20-0150092

2

Form 1065, Schedule L, Line 6

Continued

Other Current Assets

| Other Current Assets: | Beginning of tax year | End of tax year |
|------------------------------|--------------------------|--------------------|
| Total | <u>1,381,696.</u> | <u>-38,845.</u> |

Form 1065, Schedule L, Line 8

Other Investments

| Other Investments: | Beginning of tax year | End of tax year |
|---------------------------|--------------------------|--------------------|
| NOTES RECEIVABLE | | |
| Total | | |

Form 1065, Schedule L, Line 13

Other Assets

| Other Assets: | Beginning of tax year | End of tax year |
|----------------------|--------------------------|--------------------|
| GOODWILL | <u>8,222,362.</u> | <u>8,222,362.</u> |
| NOTES RECEIVABLE | <u>0.</u> | <u>18,161,188.</u> |
| Total | <u>8,222,362.</u> | <u>26,383,550.</u> |

Form 1065, Schedule L, Line 17

Other Current Liabilities

| Other Current Liabilities: | Beginning of tax year | End of tax year |
|-----------------------------------|--------------------------|--------------------|
| LOANS PAYABLE | <u>18,637,423.</u> | |
| Total | <u>18,637,423.</u> | |

EPD INVESTMENTS, LLC [REDACTED]

3

Supporting Statement of:

Two Year Comparison/Line 13- prior col

| Description | Amount |
|-----------------------|--------|
| EQUIPMENT LEASE COSTS | 123. |
| STORAGE RENT | 3,592. |
| Total | 3,715. |

EPD INVESTMENTS, LLC

Form 1065 p1-2: Return of Partnership Income

Salaries and Wages (less employment credits) Smart Worksheet

| | |
|---|---------|
| A Salaries and wages | 84,978. |
| Less employment credits: | |
| B Work Opportunity Credit (Form 5884) | |
| C Empowerment Zone Employment Credit (Form 8844) | |
| D Indian Employment Credit (Form 8845) | |
| E Welfare-to-Work Credit (Form 8861) | |
| F Total employment credits | |

Form 1065 p1-2: Return of Partnership Income

Taxes and Licenses Smart Worksheet

| | |
|---|---------|
| A State franchise or income taxes and fees | |
| B Local property taxes | |
| C 1 Payroll taxes | 24,277. |
| 2 Less: Credit from Form 8846 | |
| D Other miscellaneous taxes | 4,552. |
| E Licenses | |

Form 1065 p3-4: Return of Partnership Income

Distributions of Cash and Property Options Smart Worksheet

Distributions entered on Schedule K-1 Worksheet:

| | |
|---|-------------------------------------|
| A Total distributions of money | 0. |
| B Total distributions of property (adjusted basis) | 0. |
| C Total distributions of property (capital account) | 0. |
| Options: | |
| D Complete lines 19a and 19b from amounts on lines A, B, and C above | <input checked="" type="checkbox"/> |
| E Complete lines 19a and 19b from amounts on lines F, G, and H below | <input type="checkbox"/> |
| Total amounts entered here and allocated to partners: | |
| F Total distributions of money | |
| G Total distributions of property (adjusted basis) .. | |
| H Total distributions of property (capital account) . | |


Form 1065 p3-4: Return of Partnership Income

Partners' Liabilities Smart Worksheet

| | |
|--|-------------|
| A Total liabilities included in Schedule L, line 22, column (d) | 47,165,326. |
| Classification of liabilities: | |
| B Nonrecourse (not including qualified nonrecourse) | |
| C Qualified nonrecourse | 47,072,348. |
| D Recourse | 1 92,978. |
| E Total of lines B, C, and D | 47,165,326. |

EPD INVESTMENTS, LLC [REDACTED]

Form 1065 p3-4: Return of Partnership Income

| Schedule M-1 Smart Worksheet | |
|---|---|
| QuickZoom here to use optional M-1 Items Worksheet  | |
| Program will complete Schedule M-1, lines 2 through 9, from entries on worksheet. | |
| Computed Net Income (Loss) Per Books | |
| A | Income (loss) per return (Form 1065, page 4, line 1 — analysis) -584,301. |
| B | Income item tax/book differences from M-1 Items Worksheet |
| C | Expense item tax/book differences from M-1 Items Worksheet ... |
| D | Net tax/book differences (combine lines B and C) |
| E | Computed net income (loss) per books (combine lines A and D) -584,301. |
| Check box to enter line E on Schedule M-1, line 1 <input type="checkbox"/> | |
| Otherwise, enter net income (loss) per books on line 1 below <input checked="" type="checkbox"/> | |

Form 7004: Automatic Extension of Time to File

| Filing Address Smart Worksheet | |
|--|--|
| Minimum information needed to determine filing address: | |
| Enter two letter state abbreviation for location of principal business, office, or agency CA | |
| If this return is for a Corporation, an S Corporation, or a Partnership then, are total assets at the end of the tax year \$10 million or more? (If Fiduciary, answer 'No')... <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| Send Form 7004 to: Filed electronically - do not mail | |
| Ogden, UT 84201-0045 | |

Schedule M-1 Items Worksheet

| Schedule M-1 Display Options Smart Worksheet | |
|--|--|
| A | Display 'book' and 'return' amounts on Schedule M-1 <input type="checkbox"/> |
| B | Display 'difference' amounts on Schedule M-1 <input checked="" type="checkbox"/> |

Schedule M-1 Items Worksheet

| Computed Net Income (Loss) per Books Smart Worksheet | |
|--|---|
| A | Income (loss) per return (Form 1065, page 4, line 1 — Analysis) -584,301. |
| B | Income item tax/book differences |
| C | Expense item tax/book differences |
| D | Net tax/book differences (combine lines B and C) |
| E | Computed net income (loss) per books (combine lines A and D) -584,301. |
| For filers of Schedule M-3 Only: | |
| F | Net income (loss) per books from Schedule M-3, Part I, Line 11 |
| G | Difference between Sch M-1 Wks and Sch M-3 net income (loss) per books ... |

Exhibit 26

EPD Federal Income Tax Return for 2008

Marked 8/11/2010

| Form 1065 | | U.S. Return of Partnership Income | | OMB No. 1545-0099 | |
|---|---|--|--|---|---|
| Department of the Treasury Internal Revenue Service | | For calendar year 2008, or tax year beginning _____, 2008, ending _____, 20____ ▶ See separate instructions. | | 2008 | |
| A Principal business activity | Use the IRS label. Otherwise, print or type. | Name of partnership | | D Employer identification number | |
| SERVICE | | EPD INVESTMENTS, LLC | | [REDACTED] | |
| B Principal product or service | | Number, street, and room or suite number. If a P.O. box, see the instructions. | | E Date business started | |
| INVESTMENTS | | 520 BROADWAY, SUITE 660 | | 07/01/03 | |
| C Business code number | | City or town | State ZIP code | F Total assets (see instrs) | |
| [REDACTED] | | SANTA MONICA | CA 90401 | \$ 28,573,326. | |
| G Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return | | | | | |
| (6) <input type="checkbox"/> Technical termination - also check (1) or (2) | | | | | |
| H Check accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) _____ ▶ | | | | | |
| I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year _____ 2 | | | | | |
| J Check if Schedule M-3 attached <input checked="" type="checkbox"/> | | | | | |
| Caution. Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information. | | | | | |
| INCOME | 1a Gross receipts or sales | 1a | 3,025,025. | | |
| | b Less returns and allowances | 1b | | 1c | 3,025,025. |
| | 2 Cost of goods sold (Schedule A, line 8) | | | 2 | 587,578. |
| | 3 Gross profit. Subtract line 2 from line 1c | | | 3 | 2,437,447. |
| | 4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement) | | | 4 | |
| | 5 Net farm profit (loss) (attach Schedule F (Form 1040)) | | | 5 | |
| | 6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) | | | 6 | |
| | 7 Other income (loss) (attach statement) | | DEBT. CANCELLATION. INCOME | 7 | 520,000. |
| 8 Total income (loss). Combine lines 3 through 7 | | | 8 | 2,957,447. | |
| DEDUCTIONS FOR LIMITATIONS | 9 Salaries and wages (other than to partners) (less employment credits) | | | 9 | 186,251. |
| | 10 Guaranteed payments to partners | | | 10 | |
| | 11 Repairs and maintenance | | | 11 | |
| | 12 Bad debts | | | 12 | |
| | 13 Rent | | | 13 | 3,072. |
| | 14 Taxes and licenses | | | 14 | 59,571. |
| | 15 Interest | | | 15 | 1,327,293. |
| | 16a Depreciation (if required, attach Form 4562) | 16a | 1,370. | | |
| | b Less depreciation reported on Schedule A and elsewhere on return | 16b | | 16c | 1,370. |
| | 17 Depletion (Do not deduct oil and gas depletion.) | | | 17 | |
| | 18 Retirement plans, etc | | | 18 | |
| | 19 Employee benefit programs | | | 19 | |
| | 20 Other deductions (attach statement) | | *.STMT | 20 | 1,953,302. |
| | 21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20 | | | 21 | 3,530,859. |
| 22 Ordinary business income (loss). Subtract line 21 from line 8 | | | 22 | -573,412. | |
| Sign Here | Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge. | | | | |
| | Signature of general partner or limited liability company member manager | | Date | | May the IRS discuss this return with the preparer shown below (see instrs)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Paid Preparer's Use Only | Preparer's signature | Date | Check if self-employed <input checked="" type="checkbox"/> | Preparer's SSN or PTIN | |
| | | 07/02/10 | | [REDACTED] | |
| | Firm's name (or yours if self-employed), address, and ZIP code | THEODORE P. JONAVIC, CPA 5724 SHIRE COURT RANCHO CUCAMONGA CA 91701 | | EIN | |
| | | | Phone no. | (909) 989-7426 | |

BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

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Schedule A Cost of Goods Sold (see the instructions)

| | | | |
|---|--|---|----------|
| 1 | Inventory at beginning of year | 1 | |
| 2 | Purchases less cost of items withdrawn for personal use | 2 | 587,578. |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach statement) | 4 | |
| 5 | Other costs (attach statement) | 5 | |
| 6 | Total. Add lines 1 through 5 | 6 | 587,578. |
| 7 | Inventory at end of year | 7 | |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 | 8 | 587,578. |

9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost as described in Regulations section 1.471-3
(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
(iii) ☐ Other (specify method used and attach explanation) _____

b Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c) ☐ Yes ☐ No

c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐ Yes ☐ No

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☐ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
If 'Yes,' attach explanation _____

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:

- a ☐ Domestic general partnership b ☐ Domestic limited partnership
c ☒ Domestic limited liability company d ☐ Domestic limited liability partnership
e ☐ Foreign partnership f ☐ Other _____

| Yes | No |
|-----|----|
| | |
| | |
| | X |
| | |
| | X |

2 At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person? ☐ Yes ☒ No

3 At the end of the tax year:

a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), or trust own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (v) below

| (i) Name of Entity | (ii) Employer Identification Number (if any) | (iii) Type of Entity | (iv) Country of Organization | (v) Maximum Percentage Owned in Profit, Loss, or Capital |
|--------------------|--|----------------------|------------------------------|--|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

b Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv) below ☒ Yes ☐ No

| (i) Name of Individual or Estate | (ii) Social Security Number or Employer Identification Number (if any) | (iii) Country of Citizenship (see instructions) | (iv) Maximum Percentage Owned in Profit, Loss, or Capital |
|----------------------------------|--|---|---|
| KEITH PRESSMAN | | United States | 51.0000 |
| | | | |
| | | | |
| | | | |

4 At the end of the tax year, did the partnership:

a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv) below ☐ Yes ☒ No

| (i) Name of Corporation | (ii) Employer Identification Number (if any) | (iii) Country of Incorporation | (iv) Percentage Owned in Voting Stock |
|-------------------------|--|--------------------------------|---------------------------------------|
| | | | |
| | | | |
| | | | |
| | | | |

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b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (v) below

| Yes | No |
|-----|----|
| | X |

| (i) Name of Entity | (ii) Employer Identification Number (if any) | (iii) Type of Entity | (iv) Country of Organization | (v) Maximum Percentage Owned in Profit, Loss, or Capital |
|--------------------|--|----------------------|------------------------------|--|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

5 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details

| | |
|--|---|
| | X |
|--|---|

6 Does this partnership satisfy all four of the following conditions?

a The partnership's total receipts for the tax year were less than \$250,000.

b The partnership's total assets at the end of the tax year were less than \$1 million.

c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.

d The partnership is not filing and is not required to file Schedule M-3

If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.

| | |
|--|---|
| | X |
|--|---|

7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?

| | |
|--|---|
| | X |
|--|---|

8 During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?

| | |
|---|--|
| X | |
|---|--|

9 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?

| | |
|--|---|
| | X |
|--|---|

10 At any time during calendar year 2008, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If 'Yes,' enter the name of the foreign country.

| | |
|--|---|
| | X |
|--|---|

11 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions

| | |
|--|---|
| | X |
|--|---|

12a Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding section 754 election.

| | |
|--|---|
| | X |
|--|---|

b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instructions

| | |
|--|---|
| | X |
|--|---|

c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instructions

| | |
|--|---|
| | X |
|--|---|

13 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (including a disregarded entity)

| | |
|--|--|
| | |
|--|--|

14 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in a partnership property?

| | |
|--|--|
| | |
|--|--|

15 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions

| | |
|--|---|
| | X |
|--|---|

16 Does the partnership have any foreign partners? If 'Yes,' enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership.

| | |
|--|--|
| | |
|--|--|

17 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return

| | |
|--|---|
| | X |
|--|---|

Designation of Tax Matters Partner (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP

KEITH PRESSMAN

Identifying number of TMP

Address of designated TMP

520 BROADWAY, SUITE 660
SANTA MONICA, CA 90401

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- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

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Form 1065 (2008) EPD INVESTMENTS, LLC

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Schedule K Partners' Distributive Share Items

| | | Total amount | |
|--|---|--------------|------------|
| Income (Loss) | 1 Ordinary business income (loss) (page 1, line 22) | 1 | -573,412. |
| | 2 Net rental real estate income (loss) (attach Form 8825) | 2 | |
| | 3a Other gross rental income (loss) | 3a | |
| | b Expenses from other rental activities (attach stmt) | 3b | |
| | c Other net rental income (loss). Subtract line 3b from line 3a | 3c | |
| | 4 Guaranteed payments | 4 | |
| | 5 Interest income | 5 | |
| | 6 Dividends: a Ordinary dividends | 6a | |
| | b Qualified dividends | 6b | |
| | 7 Royalties | 7 | |
| | 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) | 8 | |
| 9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) | 9a | | |
| b Collectibles (28%) gain (loss) | 9b | | |
| c Unrecaptured section 1250 gain (attach statement) | 9c | | |
| 10 Net section 1231 gain (loss) (attach Form 4797) | 10 | | |
| 11 Other income (loss) (see instructions) Type ▶ | 11 | | |
| Deductions | 12 Section 179 deduction (attach Form 4562) | 12 | |
| | 13a Contributions Cash contributions (50%) | 13a | 0. |
| | b Investment interest expense | 13b | |
| | c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶ | 13c (2) | |
| d Other deductions (see instructions) Type ▶ | 13d | | |
| Self-Employment | 14a Net earnings (loss) from self-employment | 14a | -573,412. |
| | b Gross farming or fishing income | 14b | |
| | c Gross nonfarm income | 14c | 2,957,447. |
| Credits | 15a Low-income housing credit (section 42(i)(5)) | 15a | |
| | b Low-income housing credit (other) | 15b | |
| | c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) | 15c | |
| | d Other rental real estate credits (see instructions) Type ▶ | 15d | |
| | e Other rental credits (see instructions) Type ▶ | 15e | |
| | f Other credits (see instructions) Type ▶ | 15f | |
| Foreign Transactions | 16a Name of country or U.S. possession ▶ | 16a | |
| | b Gross income from all sources | 16b | |
| | c Gross income sourced at partner level | 16c | |
| | Foreign gross income sourced at partnership level | | |
| | d Passive category ▶ e General category ▶ f Other ▶ | 16f | |
| | Deductions allocated and apportioned at partner level | | |
| | g Interest expense ▶ h Other ▶ | 16h | |
| | Deductions allocated and apportioned at partnership level to foreign source income | | |
| | i Passive category ▶ j General category ▶ k Other ▶ | 16k | |
| | l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/> | 16l | |
| m Reduction in taxes available for credit (attach statement) | 16m | | |
| n Other foreign tax information (attach statement) | | | |
| Alternative Minimum Tax (AMT) items | 17a Post-1986 depreciation adjustment | 17a | -2. |
| | b Adjusted gain or loss | 17b | |
| | c Depletion (other than oil and gas) | 17c | |
| | d Oil, gas, and geothermal properties — gross income | 17d | |
| | e Oil, gas, and geothermal properties — deductions | 17e | |
| | f Other AMT items (attach stmt) | 17f | |
| Other Information | 18a Tax-exempt interest income | 18a | |
| | b Other tax-exempt income | 18b | |
| | c Nondeductible expenses | 18c | 1,455. |
| | 19a Distributions of cash and marketable securities | 19a | |
| | b Distributions of other property | 19b | |
| | 20a Investment income | 20a | |
| b Investment expenses | 20b | | |
| c Other items and amounts (attach stmt) | | | |

BAA

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Analysis of Net Income (Loss)

| | | | | | | | |
|---|--|---------------|--------------------------|----------------------------|------------------|-------------------------|--------------------|
| 1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16i | | | | | | 1 | -573,412. |
| 2 Analysis by partner type: | | (i) Corporate | (ii) Individual (active) | (iii) Individual (passive) | (iv) Partnership | (v) Exempt organization | (vi) Nominee/Other |
| a General partners | | | | | | | |
| b Limited partners | | | | | | | |
| | | -573,412. | | | | | |

Schedule L Balance Sheets per Books

| | Beginning of tax year | | End of tax year | |
|--|-----------------------|--------------|-----------------|--------------|
| | (a) | (b) | (c) | (d) |
| Assets | | | | |
| 1 Cash | | 290,084. | | -125,750. |
| 2a Trade notes and accounts receivable | | | | |
| b Less allowance for bad debts | | | | |
| 3 Inventories | | | | |
| 4 U.S. government obligations | | | | |
| 5 Tax-exempt securities | | | | |
| 6 Other current assets (attach stmt) Ln. 6 Stmt | | -38,845. | | -11,549. |
| 7 Mortgage and real estate loans | | | | |
| 8 Other investments (attach stmt) | | | | |
| 9a Buildings and other depreciable assets | 70,376. | | 70,376. | |
| b Less accumulated depreciation | 26,717. | 43,659. | 28,087. | 42,289. |
| 10a Depletable assets | | | | |
| b Less accumulated depletion | | | | |
| 11 Land (net of any amortization) | | | | |
| 12a Intangible assets (amortizable only) | | | | |
| b Less accumulated amortization | | | | |
| 13 Other assets (attach stmt) Ln. 13 Stmt | | 26,383,550. | | 28,668,336. |
| 14 Total assets | | 26,678,448. | | 28,573,326. |
| Liabilities and Capital | | | | |
| 15 Accounts payable | | 92,978. | | 274,146. |
| 16 Mortgages, notes, bonds payable in less than 1 year | | 2,249,201. | | 1,707,351. |
| 17 Other current liabilities (attach stmt) | | | | |
| 18 All nonrecourse loans | | | | |
| 19 Mortgages, notes, bonds payable in 1 year or more | | 44,823,147. | | 48,113,722. |
| 20 Other liabilities (attach stmt) | | | | |
| 21 Partners' capital accounts | | -20,486,878. | | -21,521,893. |
| 22 Total liabilities and capital | | 26,678,448. | | 28,573,326. |

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

| | | | |
|--|-----------|---|-----------|
| 1 Net income (loss) per books | -847,643. | 6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize): | |
| 2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize): | | a Tax-exempt interest | \$ |
| 3 Guaranteed pmts (other than health insurance) | | 7 Deductions included on Schedule K, lines 1 through 13d, and 16i, not charged against book income this year (itemize): | |
| 4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16i (itemize): | | a Depreciation | \$ 1,370. |
| a Depreciation | \$ | 8 Add lines 6 and 7 | |
| b Travel and entertainment | \$ | 9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5 | |
| * STMT | 274,146. | | |
| 5 Add lines 1 through 4 | | | |

Schedule M-2 Analysis of Partners' Capital Accounts

| | | | |
|--------------------------------|--------------|---|--------------|
| 1 Balance at beginning of year | -20,486,878. | 6 Distributions: a Cash | |
| 2 Capital contributed: a Cash | | b Property | |
| b Property | | 7 Other decreases (itemize): | |
| 3 Net income (loss) per books | -847,643. | * STMT | |
| 4 Other increases (itemize): | | 8 Add lines 6 and 7 | 187,372. |
| 5 Add lines 1 through 4 | -21,334,521. | 9 Balance at end of year. Subtract line 8 from line 5 | -21,521,893. |

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Form 1065 (2008)

**SCHEDULE C
(Form 1065)**

Department of the Treasury
Internal Revenue Service

Additional Information for Schedule M-3 Filers

► Attach to Form 1065. See separate instructions.

OMB No. 1545-0099

2008

Name of partnership

EPD INVESTMENTS, LLC

Employer identification number

- | | Yes | No |
|---|-----|----|
| 1 At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8? | | X |
| 2 Do the amounts reported on Schedule M-3, Part II, lines 7 or 8, column (d), reflect allocations to this partnership from another partnership of income, gain, loss, deduction, or credit that are disproportionate to this partnership's share of capital in such partnership or its ratio for sharing other items of such partnership? | | X |
| 3 At any time during the tax year, did the partnership sell, exchange, or transfer any interest in an intangible asset to a related person as defined in sections 267(b) and 707(b)(1)? | | X |
| 4 At any time during the tax year, did the partnership acquire any interest in an intangible asset from a related person as defined in sections 267(b) and 707(b)(1)? | | X |
| 5 At any time during the tax year, did the partnership make any change in accounting principle for financial accounting purposes? See instructions for a definition of change in accounting principle | | X |
| 6 At any time during the tax year, did the partnership make any change in a method of accounting for U.S. income tax purposes? | | X |

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 1065.

Schedule C (Form 1065) 2008

PTPA0501 08/27/08

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

SCHEDULE M-3
(Form 1065)

Department of the Treasury
Internal Revenue Service

**Net Income (Loss) Reconciliation
for Certain Partnerships**

▶ Attach to Form 1065 or Form 1065-B.
▶ See separate instructions.

OMB No. 1545-0099

2008

Name of partnership

EPD INVESTMENTS, LLC

Employer identification number

This Schedule M-3 is being filed because (check all that apply):

- A** ☒ The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
B ☐ The amount of the partnership's adjusted total assets for the year is equal to \$10 million or more. If box B is checked, enter the amount of adjusted total assets for the tax year _____
C ☐ The amount of total receipts for the taxable year is equal to \$35 million or more. If box C is checked, enter the total receipts for the tax year _____
D ☐ An entity that is a reportable entity partner with respect to the partnership owns or is deemed to own an interest of 50 percent or more in the partnership's capital, profit, or loss, on any day during the tax year of the partnership.

| Name of Reportable Entity Partner | Identifying Number | Maximum Percentage Owned or Deemed Owned |
|-----------------------------------|--------------------|--|
| | | |
| | | |

E ☐ Voluntary Filer

Part I Financial Information and Net Income (Loss) Reconciliation

- 1a** Did the partnership file SEC Form 10-K for its income statement period ending with or within this tax year?
☐ Yes. Skip lines 1b and 1c and complete lines 2 through 11 with respect to that SEC Form 10-K.
☒ No. Go to line 1b. See instructions if multiple non-tax basis income statements are prepared.
b Did the partnership prepare a certified audited non-tax-basis income statement for that period?
☐ Yes. Skip line 1c and complete lines 2 through 11 with respect to that income statement.
☐ No. Go to line 1c.
c Did the partnership prepare a non-tax-basis income statement for that period?
☐ Yes. Complete lines 2 through 11 with respect to that income statement.
☐ No. Skip lines 2 through 3b and enter the partnership's net income (loss) per its books and records on line 4a.
2 Enter the income statement period: Beginning _____ Ending _____
3a Has the partnership's income statement been restated for the income statement period on line 2?
☐ Yes. (If 'Yes', attach an explanation and the amount of each item restated.)
☐ No.
b Has the partnership's income statement been restated for any of the five income statement periods preceding the period on line 2?
☐ Yes. (If 'Yes', attach an explanation and the amount of each item restated.)
☐ No.

| | | |
|--|-----------|-----------|
| 4a Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1 | 4a | -847,643. |
| b Indicate accounting standard used for line 4a (see instructions): | | |
| 1 <input type="checkbox"/> GAAP 2 <input type="checkbox"/> IFRS 3 <input type="checkbox"/> 704(b) | | |
| 4 <input checked="" type="checkbox"/> Tax-basis 5 <input type="checkbox"/> Other: (Specify) ▶ _____ | | |
| 5a Net income from nonincludible foreign entities (attach schedule) | 5a | |
| b Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount) | 5b | |
| 6a Net income from nonincludible U.S. entities (attach schedule) | 6a | |
| b Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount) | 6b | |
| 7a Net income (loss) of other foreign disregarded entities (attach schedule) | 7a | |
| b Net income (loss) of other U.S. disregarded entities (attach schedule) | 7b | |
| 8 Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach schedule) | 8 | |
| 9 Adjustment to reconcile income statement period to tax year (attach schedule) | 9 | |
| 10 Other adjustments to reconcile to amount on line 11 (attach schedule) | 10 | |
| 11 Net income (loss) per income statement of the partnership. Combine lines 4 through 10 | 11 | -847,643. |

Note. Part I, line 11, must equal the amount on Part II, line 26, column (a).

| | | |
|--|--------------|-------------------|
| 12 Enter the total amount (not just the partnership's share) of the assets and liabilities of all entities included or removed on the following lines: | | |
| | Total Assets | Total Liabilities |
| a Included on Part I, line 4 | 28,668,336. | 28,668,336. |
| b Removed on Part I, line 5 | | |
| c Removed on Part I, line 6 | | |
| d Included on Part I, line 7 | | |

BAA For Paperwork Reduction Act Notice, see the Instructions for your return.

Schedule M-3 (Form 1065) 2008

PTPA1101 09/03/08

Schedule M-3 (Form 1065) 2008

Page 2

Name of partnership

EPD INVESTMENTS, LLC

Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Partnership with Income (Loss) per Return

| Income (Loss) Items | (a) Income (Loss) per Income Statement | (b) Temporary Difference | (c) Permanent Difference | (d) Income (Loss) per Tax Return |
|---|--|--------------------------------|--------------------------------|--|
| (Attach schedules for lines 1 through 9) | | | | |
| 1 Income (loss) from equity method foreign corporations | | | | |
| 2 Gross foreign dividends not previously taxed | | | | |
| 3 Subpart F, QEF, and similar income inclusions | | | | |
| 4 Gross foreign distributions previously taxed | | | | |
| 5 Income (loss) from equity method U.S. corporations | | | | |
| 6 U.S. dividends | | | | |
| 7 Income (loss) from U.S. partnerships | | | | |
| 8 Income (loss) from foreign partnerships | | | | |
| 9 Income (loss) from other pass-through entities | | | | |
| 10 Items relating to reportable transactions (attach details) | | | | |
| 11 Interest income (attach Form 8916-A) | | | | |
| 12 Total accrual to cash adjustment | | 274,146. | | 274,146. |
| 13 Hedging transactions | | | | |
| 14 Mark-to-market income (loss) | | | | |
| 15 Cost of goods sold (attach Form 8916-A) | | | | |
| 16 Sale versus lease (for sellers and/or lessors) | | | | |
| 17 Section 481(a) adjustments | | | | |
| 18 Unearned/deferred revenue | | | | |
| 19 Income recognition from long-term contracts | | | | |
| 20 Original issue discount and other imputed interest | | | | |
| 21a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities | | | | |
| b Gross capital gains from Schedule D, excluding amounts from pass-through entities | | | | |
| c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses | | | | |
| d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses | | | | |
| e Abandonment losses | | | | |
| f Worthless stock losses (attach details) | | | | |
| g Other gain/loss on disposition of assets other than inventory | | | | |
| 22 Other income (loss) items with differences (attach schedule) | | | | |
| 23 Total income (loss) items. Combine lines 1 through 22 | | 274,146. | | 274,146. |
| 24 Total expense/deduction items. (from Part III, line 30) (see instructions) | | -1,370. | 1,455. | 85. |
| 25 Other items with no differences | -847,643. | | | -847,643. |
| 26 Reconciliation totals. Combine lines 23 through 25 | -847,643. | 272,776. | 1,455. | -573,412. |

Note. Line 26, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1065, page 5, Analysis of Net Income (Loss), line 1.

BAA

Schedule M-3 (Form 1065) 2008

PTPA1123 07/02/08

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Schedule M-3 (Form 1065) 2008

Page 3

Name of partnership

Employer identification number

EPD INVESTMENTS, LLC

Part II Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return – Expense/Deduction Items

| Expense/Deduction Items | (a) Expense per Income Statement | (b) Temporary Difference | (c) Permanent Difference | (d) Deduction per Tax Return |
|--|--|--------------------------------|--------------------------------|------------------------------------|
| 1 State and local current income tax expense .. | | | | |
| 2 State and local deferred income tax expense .. | | | | |
| 3 Foreign current income tax expense (other than foreign withholding taxes) | | | | |
| 4 Foreign deferred income tax expense | | | | |
| 5 Equity-based compensation | | | | |
| 6 Meals and entertainment | | | -1,455. | -1,455. |
| 7 Fines and penalties | | | | |
| 8 Judgments, damages, awards, and similar costs | | | | |
| 9 Guaranteed payments | | | | |
| 10 Pension and profit-sharing | | | | |
| 11 Other post-retirement benefits | | | | |
| 12 Deferred compensation | | | | |
| 13 Charitable contribution of cash and tangible property | | | | |
| 14 Charitable contribution of intangible property .. | | | | |
| 15 Organizational expenses as per Regulations section 1.709-2(a) | | | | |
| 16 Syndication expenses as per Regulations section 1.709-2(b) | | | | |
| 17 Current year acquisition/reorganization investment banking fees | | | | |
| 18 Current year acquisition/reorganization legal and accounting fees | | | | |
| 19 Amortization/impairment of goodwill | | | | |
| 20 Amortization of acquisition, reorganization, and start-up costs | | | | |
| 21 Other amortization or impairment write-offs .. | | | | |
| 22 Section 198 environmental remediation costs .. | | | | |
| 23a Depletion – Oil & Gas | | | | |
| b Depletion – Other than Oil & Gas | | | | |
| 24 Intangible drilling & development costs | | | | |
| 25 Depreciation | | 1,370. | | 1,370. |
| 26 Bad debt expense | | | | |
| 27 Interest expense (attach Form 8916-A) | | | | |
| 28 Purchase versus lease (for purchasers and/or lessees) | | | | |
| 29 Other expense/deduction items with differences (attach schedule) | | | | |
| 30 Total expense/deduction items. Combine lines 1 through 29. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive | | 1,370. | -1,455. | -85. |

Schedule M-3 (Form 1065) 2008

PTPA1123 07/02/08

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2008

For calendar year 2008, or tax

year beginning _____, 2008

ending _____, 2008

Partner's Share of Income, Deductions, Credits, etc.

▶ See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
[REDACTED]

B Partnership's name, address, city, state, and ZIP code
EPD INVESTMENTS, LLC
520 BROADWAY, SUITE 660
SANTA MONICA, CA 90401

C IRS Center where partnership filed return
OGDEN, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
[REDACTED]

F Partner's name, address, city, state, and ZIP code
JERROLD S. PRESSMAN
520 BROADWAY
SUITE 660
SANTA MONICA, CA 90401

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? INDIVIDUAL

J Partner's share of profit, loss, and capital (see instructions):

| | Beginning | Ending |
|---------|------------|------------|
| Profit | 49.00000 % | 49.00000 % |
| Loss | 49.00000 % | 49.00000 % |
| Capital | 49.00000 % | 49.00000 % |

K Partner's share of liabilities at year end:

| | | |
|---------------------------------|----|-------------|
| Nonrecourse | \$ | |
| Qualified nonrecourse financing | \$ | 24,412,326. |
| Recourse | \$ | 134,332. |

L Partner's capital account analysis:

| | | |
|-------------------------------------|----|--------------|
| Beginning capital account | \$ | -10,038,570. |
| Capital contributed during the year | \$ | |
| Current year increase (decrease) | \$ | -507,157. |
| Withdrawals and distributions | \$ | |
| Ending capital account | \$ | -10,545,727. |

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

☐ Final K-1

☐ Amended K-1

651108
OMB No. 1545-0099

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

| | | | |
|----|--------------------------------------|----|--|
| 1 | Ordinary business income (loss) | 15 | Credits |
| | -280,972. | | |
| 2 | Net rental real estate income (loss) | | |
| 3 | Other net rental income (loss) | 16 | Foreign transactions |
| 4 | Guaranteed payments | | |
| 5 | Interest income | | |
| 6a | Ordinary dividends | | |
| 6b | Qualified dividends | | |
| 7 | Royalties | | |
| 8 | Net short-term capital gain (loss) | | |
| 9a | Net long-term capital gain (loss) | 17 | Alternative minimum tax (AMT) items |
| | | A | -1. |
| 9b | Collectibles (28%) gain (loss) | | |
| 9c | Unrecaptured section 1250 gain | | |
| 10 | Net section 1231 gain (loss) | 18 | Tax-exempt income and nondeductible expenses |
| 11 | Other income (loss) | C | 713. |
| | | | |
| | | | |
| 12 | Section 179 deduction | 19 | Distributions |
| 13 | Other deductions | | |
| A | 0. | 20 | Other information |
| | | | |
| 14 | Self-employment earnings (loss) | | |
| A | -280,972. | | |
| C | 1,449,149. | | |

*See attached statement for additional information.

FOR IRS USE ONLY

BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2008

PTPA0312 12/15/08

Schedule K-1 (Form 1065) 2008 JERROLD S. PRESSMAN

Page 2

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

| | | | | |
|-----------|---|---|---|---|
| 1 | Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows. | | Code | Report on |
| | | | J Work opportunity credit | Form 5884, line 3 |
| | | | K Disabled access credit | See the Partner's Instructions |
| | | | L Empowerment zone and renewal community employment credit | Form 8844, line 3 |
| | | | M Credit for increasing research activities | See the Partner's Instructions |
| | | | N Credit for employer social security and Medicare taxes | Form 8846, line 5 |
| | | | O Backup withholding | Form 1040, line 62 |
| | | | P Other credits | See the Partner's Instructions |
| 16 | Foreign transactions | | | |
| | A Name of country or U.S. possession | } | | Form 1116, Part I |
| | B Gross income from all sources | | | |
| | C Gross income sourced at partner level | | | |
| | Foreign gross income sourced at partnership level | | | |
| | D Passive category | } | | Form 1116, Part I |
| | E General category | | | |
| | F Other | | | |
| | Deductions allocated and apportioned at partner level | | | |
| | G Interest expense | | | Form 1116, Part I |
| | H Other | | | Form 1116, Part I |
| | Deductions allocated and apportioned at partnership level to foreign source income | | | |
| | I Passive category | } | | Form 1116, Part I |
| | J General category | | | |
| | K Other | | | |
| | Other information | | | |
| | L Total foreign taxes paid | | | Form 1116, Part II |
| | M Total foreign taxes accrued | | | Form 1116, Part II |
| | N Reduction in taxes available for credit | | | Form 1116, line 12 |
| | O Foreign trading gross receipts | | | Form 8873 |
| | P Extraterritorial income exclusion | | | Form 8873 |
| | Q Other foreign transactions | | | See the Partner's Instructions |
| 17 | Alternative minimum tax (AMT) items | | | |
| | A Post-1986 depreciation adjustment | } | | See the Partner's Instructions and the Instructions for Form 6251 |
| | B Adjusted gain or loss | | | |
| | C Depletion (other than oil & gas) | | | |
| | D Oil, gas, & geothermal — gross income | | | |
| | E Oil, gas, & geothermal — deductions | | | |
| | F Other AMT items | | | |
| 18 | Tax-exempt income and nondeductible expenses | | | |
| | A Tax-exempt interest income | | | Form 1040, line 8b |
| | B Other tax-exempt income | | | See the Partner's Instructions |
| | C Nondeductible expenses | | | See the Partner's Instructions |
| 19 | Distributions | | | |
| | A Cash and marketable securities | } | | See Partner's Instructions |
| | B Other property | | | |
| | C Distribution subject to section 737 | | | |
| 20 | Other information | | | |
| | A Investment income | | | Form 4952, line 4a |
| | B Investment expenses | | | Form 4952, line 5 |
| | C Fuel tax credit information | | | Form 4136 |
| | D Qualified rehabilitation expenditures (other than rental real estate) | | | See the Partner's Instructions |
| | E Basis of energy property | | | See the Partner's Instructions |
| | F Recapture of low-income housing credit (section 42(j)(5)) | | | Form 8611, line 8 |
| | G Recapture of low-income housing credit (other) | | | Form 8611, line 8 |
| | H Recapture of investment credit | | | Form 4255 |
| | I Recapture of other credits | | | See the Partner's Instructions |
| | J Look-back interest — completed long-term contracts | | | See Form 8697 |
| | K Look-back interest — income forecast method | | | See Form 8866 |
| | L Dispositions of property with section 179 deductions | } | | See the Partner's Instructions |
| | M Recapture of section 179 deduction | | | |
| | N Interest expense for corporate partners | | | |
| | O Section 453(j)(3) information | | | |
| | P Section 453A(c) information | | | |
| | Q Section 1260(b) information | | | |
| | R Interest allocable to production expenditures | | | |
| | S CCF nonqualified withdrawals | | | |
| | T Depletion information — oil and gas | | | |
| | U Amortization of reforestation costs | | | |
| | V Unrelated business taxable income | | | |
| | W Precontribution gain (loss) | | | |
| | X Other information | | | |

PTPA0312 12/15/08

Schedule K-1 (Form 1065) 2008

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2008

For calendar year 2008, or tax

year beginning _____, 2008

ending _____, 2008

Partner's Share of Income, Deductions, Credits, etc.

▶ See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
[REDACTED]

B Partnership's name, address, city, state, and ZIP code
EPD INVESTMENTS, LLC
520 BROADWAY, SUITE 660
SANTA MONICA, CA 90401

C IRS Center where partnership filed return
OGDEN, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
569-57-0625

F Partner's name, address, city, state, and ZIP code
KEITH PRESSMAN
520 BROADWAY
SUITE 660
SANTA MONICA, CA 90401

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? INDIVIDUAL

J Partner's share of profit, loss, and capital (see instructions):

| | Beginning | Ending |
|---------|------------|------------|
| Profit | 51.00000 % | 51.00000 % |
| Loss | 51.00000 % | 51.00000 % |
| Capital | 51.00000 % | 51.00000 % |

K Partner's share of liabilities at year end:

| | | |
|---------------------------------|----|-------------|
| Nonrecourse | \$ | |
| Qualified nonrecourse financing | \$ | 25,408,747. |
| Recourse | \$ | 139,814. |

L Partner's capital account analysis:

| | | |
|-------------------------------------|----|--------------|
| Beginning capital account | \$ | -10,448,308. |
| Capital contributed during the year | \$ | |
| Current year increase (decrease) | \$ | -527,858. |
| Withdrawals and distributions | \$ | |
| Ending capital account | \$ | -10,976,166. |

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

☐ Final K-1

☐ Amended K-1

651108
OMB No. 1545-0099

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

| | | | |
|-----------|--------------------------------------|-----------|--|
| 1 | Ordinary business income (loss) | 15 | Credits |
| | -292,440. | | |
| 2 | Net rental real estate income (loss) | | |
| 3 | Other net rental income (loss) | 16 | Foreign transactions |
| 4 | Guaranteed payments | | |
| 5 | Interest income | | |
| 6a | Ordinary dividends | | |
| 6b | Qualified dividends | | |
| 7 | Royalties | | |
| 8 | Net short-term capital gain (loss) | | |
| 9a | Net long-term capital gain (loss) | 17 | Alternative minimum tax (AMT) items |
| | | A | -1. |
| 9b | Collectibles (28%) gain (loss) | | |
| 9c | Unrecaptured section 1250 gain | | |
| 10 | Net section 1231 gain (loss) | 18 | Tax-exempt income and nondeductible expenses |
| 11 | Other income (loss) | C | 742. |
| | | | |
| 12 | Section 179 deduction | 19 | Distributions |
| 13 | Other deductions | | |
| A | 0. | 20 | Other information |
| | | | |
| 14 | Self-employment earnings (loss) | | |
| A | -292,440. | | |
| C | 1,508,298. | | |

*See attached statement for additional information.

BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2008

PTPA0312 12/15/08

Schedule K-1 (Form 1065) 2008

| Report on | | Code | |
|--------------------------------|--------------------|---|--|
| See the Partner's instructions | Form 5884, line 3 | J | Work opportunity credit |
| See the Partner's instructions | Form 8844, line 3 | M | Credit for increasing research activities |
| See the Partner's instructions | Form 8846, line 5 | N | Credit for employer social security and Medicare taxes |
| See the Partner's instructions | Form 1040, line 62 | O | Backup withholding |
| See the Partner's instructions | | P | Other credits |
| See the Partner's instructions | | 16 Foreign transactions | |
| Form 1116, Part I | | A Name of country or U.S. possession | |
| Form 1116, Part I | | B Gross income from all sources | |
| Form 1116, Part I | | C Gross income sourced at partner level | |
| Form 1116, Part I | | D Passive category | |
| Form 1116, Part I | | E General category | |
| Form 1116, Part I | | F Other | |
| Form 1116, Part I | | G Interest expense | |
| Form 1116, Part I | | H Other | |
| Form 1116, Part I | | I Passive category | |
| Form 1116, Part I | | J General category | |
| Form 1116, Part I | | K Other | |
| Form 1116, Part I | | L Total foreign taxes paid | |
| Form 1116, Part II | | M Total foreign taxes accrued | |
| Form 1116, Part II | | N Reduction in taxes available for credit | |
| Form 8873 | | P Extraterritorial income exclusion | |
| Form 8873 | | Q Other foreign transactions | |
| See the Partner's instructions | | A Alternative minimum tax (AMT) items | |
| See the Partner's instructions | | B Post-1986 depreciation adjustment | |
| See the Partner's instructions | | C Depreciation (other than oil & gas) | |
| See the Partner's instructions | | D Oil, gas, & geothermal — gross income | |
| See the Partner's instructions | | E Oil, gas, & geothermal — deductions | |
| Form 6251 | | F Other AMT items | |
| Form 1040, line 8b | | A Tax-exempt income and nondeductible expenses | |
| Form 1040, line 8b | | B Tax-exempt interest income | |
| See the Partner's instructions | | C Nondeductible expenses | |
| See the Partner's instructions | | A Cash and marketable securities | |
| See the Partner's instructions | | B Other property | |
| See the Partner's instructions | | C Distribution subject to section 737 | |
| Form 4952, line 4a | | A Investment income | |
| Form 4952, line 5 | | B Investment expenses | |
| Form 4136 | | C Qualified rehabilitation expenditures (other than rental real estate) | |
| See the Partner's instructions | | D Qualified rehabilitation expenditures (other than rental real estate) | |
| See the Partner's instructions | | E Basis of energy property | |
| See the Partner's instructions | | F Recapture of low-income housing credit (section 42(f)(5)) | |
| Form 8611, line 8 | | G Recapture of low-income housing credit (other) | |
| Form 8611, line 8 | | H Recapture of other credits | |
| See the Partner's instructions | | I Look-back interest — completed | |
| See the Partner's instructions | | J Look-back interest — income | |
| See Form 8866 | | K Forecast method | |
| See Form 8866 | | L Dispositions of property with | |
| See Form 8866 | | M Recapture of section 179 deduction | |
| See Form 8866 | | N Section 453(f)(3) information | |
| See Form 8866 | | P Section 453A(c) information | |
| See the Partner's instructions | | Q Section 1260(b) information | |
| See the Partner's instructions | | R Interest allocable to production expenditures | |
| See the Partner's instructions | | S CCF nonqualified withdrawals | |
| See the Partner's instructions | | T Depletion information — oil and gas | |
| See the Partner's instructions | | U Amortization of restoration costs | |
| See the Partner's instructions | | V Unrelated business taxable income | |
| See the Partner's instructions | | W Precontribution gain (loss) | |
| See the Partner's instructions | | X Other information | |

1 Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's instructions for Schedule K-1 and the instructions for your income tax return.

Page 2

| | | | |
|---------------------------------|--|---------------------------------|---|
| 1 | Ordinary business income (loss) | See the Partner's instructions | Schedule E, line 28, column (g) |
| 2 | Net rental real estate income (loss) | See the Partner's instructions | Schedule E, line 28, column (f) |
| 3 | Other net rental income (loss) | See the Partner's instructions | Schedule E, line 28, column (g) |
| 4 | Guaranteed payments | See the Partner's instructions | Schedule E, line 28, column (g) |
| 5 | Interest income | Form 1040, line 8a | |
| 6a | Ordinary dividends | Form 1040, line 9a | |
| 6b | Qualified dividends | Form 1040, line 9b | |
| 7 | Royalties | Schedule E, line 4 | |
| 8 | Net short-term capital gain (loss) | Schedule E, line 5, column (f) | |
| 9a | Net long-term capital gain (loss) | Schedule D, line 12, column (f) | |
| 9b | Collectibles (28%) gain (loss) | Schedule D, line 12, column (f) | |
| 9c | Unrecaptured section 1250 gain | See the Partner's instructions | Schedule D instructions, line 4 (Schedule D instructions, line 28%) |
| 10 | Net section 1231 gain (loss) | See the Partner's instructions | |
| 11 | Other income (loss) | See the Partner's instructions | |
| Code | | | |
| A | Cash contributions (50%) | See the Partner's instructions | |
| B | Cash contributions (30%) | See the Partner's instructions | |
| C | Noncash contributions (50%) | See the Partner's instructions | |
| D | Noncash contributions (30%) | See the Partner's instructions | |
| E | Capital gain property to a 50% organization (30%) | See the Partner's instructions | |
| F | Capital gain property (20%) | See the Partner's instructions | |
| G | Contributions (100%) | See the Partner's instructions | |
| H | Investment interest expense | Form 4952, line 1 | |
| I | Deductions — royalty income | Schedule E, line 18 | |
| J | Section 59(e)(2) expenditures | See the Partner's instructions | |
| K | Deductions — portfolio (other) | Schedule A, line 23 | |
| L | Deductions — portfolio (other) | Schedule A, line 28 | |
| M | Insurance | Schedule A, line 29 | |
| N | Educational assistance benefits | See the Partner's instructions | |
| O | Dependent care benefits | Form 2441, line 14 | |
| P | Preproductive period expenses | See the Partner's instructions | |
| Q | Commercial revitalization deduction from rental real estate activities | See the Partner's instructions | |
| R | Pensions and IRAs | See Form 8852 | |
| S | Reformation expenses deduction | See the Partner's instructions | |
| T | Domestic production activities information | See Form 8903 | |
| U | Qualified production activities income | Form 8903, line 7 | |
| V | Employer's W-2 wages | Form 8903, line 15 | |
| W | Other deductions | See the Partner's instructions | |
| Self-employment earnings (loss) | | | |
| A | Net earnings (loss) from self-employment | Schedule SE, Section A or B | |
| B | Gross farming or fishing income | See the Partner's instructions | |
| C | Gross non-farm income | See the Partner's instructions | |
| Credits | | | |
| A | Low-income housing credit (section 42(f)(5)) | See the Partner's instructions | |
| B | Low-income housing credit (other) from pre-2008 buildings | See the Partner's instructions | |
| C | Low-income housing credit (section 42(f)(5)) from pre-2007 buildings | Form 8586, line 11 | |
| D | Low-income housing credit (other) from post-2007 buildings | Form 8586, line 11 | |
| E | Qualified rehabilitation expenditures (rental real estate) | See the Partner's instructions | |
| F | Other rental real estate credits | See the Partner's instructions | |
| G | Other rental credits | Form 1040, line 68; check box a | |
| H | Alcohol and cellulose biofuel fuels credit | Form 6478, line 9 | |

EPD INVESTMENTS, LLC

1

Form 1065, Line 20

Other deductions

| | |
|-------------------------------|-------------------|
| ACCOUNTING | |
| AUTOMOBILE AND TRUCK EXPENSE | 4,740. |
| BANK CHARGES | 32,531. |
| DELIVERY AND FREIGHT | 11,192. |
| INSURANCE | 70,072. |
| LEGAL AND PROFESSIONAL | 517,480. |
| OFFICE EXPENSE | 3,009. |
| OUTSIDE SERVICES | -692. |
| POSTAGE | |
| SUPPLIES | |
| TELEPHONE | -662. |
| TRAVEL | |
| CONSULTING FEES | |
| PAYROLL SERVICE FEES | 1,910. |
| REBILLABLE EXPENSES | -650. |
| COMMISSIONS | |
| COMPUTER EXPENSES | 1,383. |
| CONTRACT EXPENSES | 1,586,813. |
| DUES AND SUBSCRIPTIONS | 363. |
| PARKING | -1,800. |
| ADVERTISING | |
| MEALS AND ENTERTAINMENT (50%) | 1,455. |
| PROMOTIONAL ITEMS | 304. |
| ACCOUNTS PAYABLE RECLASS | -274,146. |
| Total | <u>1,953,302.</u> |

Form 1065, Schedule M-1, Line 4

Sch M-1, Line 4

| | |
|------------------|-----------------|
| ACCOUNTS PAYABLE | <u>274,146.</u> |
| Total | <u>274,146.</u> |

Form 1065, Schedule M-2, Line 7

Other decreases

| | |
|---------------------------|-----------------|
| ADJUST FOR FMV ACCOUNTING | <u>187,372.</u> |
| Total | <u>187,372.</u> |

Form 1065, Schedule L, Line 6

Other Current Assets

| Other Current Assets: | Beginning of tax year | End of tax year |
|--------------------------|--------------------------|--------------------|
| MISCELLANEOUS RECEIVABLE | -38,845. | -11,549. |
| Total | <u>-38,845.</u> | <u>-11,549.</u> |

EPD INVESTMENTS, LLC [REDACTED]

2

Form 1065, Schedule L, Line 8
Other Investments

| Other Investments: | Beginning of tax year | End of tax year |
|---------------------------|--------------------------|--------------------|
| NOTES RECEIVABLE | | |
| Total | | |

Form 1065, Schedule L, Line 13
Other Assets

| Other Assets: | Beginning of tax year | End of tax year |
|----------------------|--------------------------|--------------------|
| GOODWILL | 8,222,362. | 8,222,362. |
| NOTES RECEIVABLE | 18,161,188. | 20,445,974. |
| Total | <u>26,383,550.</u> | <u>28,668,336.</u> |

Exhibit 27

Jerrold Pressman Amended Federal Income Tax Return for 2007

| | | | | |
|---|--|---|----------|---|
| Form 1040X <small>(Rev. January 2010)</small> | | Department of the Treasury—Internal Revenue Service Amended U.S. Individual Income Tax Return ▶ See separate instructions. | | OMB No. 1545-0074 |
| Your first name and middle initial JERROLD S | | Your last name PRESSMAN | | Your social security number [REDACTED] |
| If a joint return, your spouse's first name and middle initial | | Your spouse's last name | | Your spouse's social security number |
| Your current home address (number and street). If you have a P.O. box, see page 5 of the instructions. 409 SANTA MONICA BOULEVARD, SUITE E | | | Apt. no. | Your phone number [REDACTED] |
| Your city, town or post office, state, and ZIP code. If you have a foreign address, see page 5 of instructions. SANTA MONICA, CA 90401 | | | | |
| All filers must complete lines A, B, and C. | | | | |
| A Amended return filing status. You must check one box even if you are not changing your filing status. Caution. You cannot change your filing status from joint to separate returns after the due date. <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately <input type="checkbox"/> Qualifying widow(er) <input type="checkbox"/> Head of household (If the qualifying person is a child but not your dependent, see page 5 of instructions.) | | | | |
| B This return is for calendar year <input type="checkbox"/> 2009 <input type="checkbox"/> 2008 <input checked="" type="checkbox"/> 2007 <input type="checkbox"/> 2006 Other year. Enter one: calendar year 2007 or fiscal year (month and year ended): | | | | |
| C Explanation of changes. In the space provided below, tell us why you are filing Form 1040X. THE AMENDED RETURN IS BEING FILED TO REPORT A K-1 THAT WAS RECEIVED LATE. | | | | |
| Income and Deductions | | | | Correct Amount |
| 1 Adjusted gross income (see page 6 of instructions). If net operating loss (NOL) carryback is included, check here <input type="checkbox"/> | | | | 1 -12,011,759 |
| 2 Itemized deductions or standard deduction (see page 6 of instructions) | | | | 2 6,650 |
| 3 Subtract line 2 from line 1 | | | | 3 -12,018,409 |
| 4 Exemptions. If changing, complete the Exemptions section on the back and enter the amount from line 30 (see page 6 of instructions) | | | | 4 3,400 |
| 5 Taxable income. Subtract line 4 from line 3 | | | | 5 0 |
| Tax Liability | | | | |
| 6 Tax (see page 7 of instructions). Enter method used to figure tax: ALTERNATIVE MINIMUM TAX | | | | 6 1,817 |
| 7 Credits (see page 8 of instructions). If general business credit carryback is included, check here <input type="checkbox"/> | | | | 7 750 |
| 8 Subtract line 7 from line 6. If the result is zero or less, enter -0- | | | | 8 1,067 |
| 9 Other taxes (see page 8 of instructions) | | | | 9 |
| 10 Total tax. Add lines 8 and 9 | | | | 10 1,067 |
| Payments | | | | |
| 11 Federal income tax withheld and excess social security and tier 1 RRTA tax withheld (if changing, see page 8 of instructions) | | | | 11 |
| 12 Estimated tax payments, including amount applied from prior year's return (see page 8 of instructions) | | | | 12 |
| 13 Earned income credit (EIC) (see page 8 of instructions) | | | | 13 |
| 14 Refundable credits from <input type="checkbox"/> Schedule M or Form(s) <input type="checkbox"/> 2439 <input type="checkbox"/> 4136 <input type="checkbox"/> 5405 <input type="checkbox"/> 8801 <input type="checkbox"/> 8812 <input type="checkbox"/> 8863 <input type="checkbox"/> 8885 or <input checked="" type="checkbox"/> other (specify): | | | | 14 |
| 15 Total amount paid with request for extension of time to file, tax paid with original return, and additional tax paid after return was filed (see page 9 of instructions) | | | | 15 |
| 16 Total payments. Add lines 11 through 15 | | | | 16 |
| Refund or Amount You Owe (Note. Allow 8–12 weeks to process Form 1040X.) | | | | |
| 17 Overpayment, if any, as shown on original return or as previously adjusted by the IRS (see page 9 of instructions) | | | | 17 |
| 18 Subtract line 17 from line 16 (if less than zero, see page 9 of instructions) | | | | 18 0 |
| 19 Amount you owe. If line 10 is more than line 18, enter the difference (see page 9 of instructions) | | | | 19 1,067 |
| 20 If line 10 is less than line 18, enter the difference. This is the amount overpaid on this return | | | | 20 |
| 21 Amount of line 20 you want refunded to you | | | | 21 0 |
| 22 Amount of line 20 you want applied to your (enter year): estimated tax 22 | | | | |

Complete and sign this form on Page 2.

For Paperwork Reduction Act Notice, see page 11 of instructions.

Cat. No. 11360L

Form 1040X (Rev. 01-2010)

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Form 1040X (Rev. 01-2010)

Page 2

ExemptionsComplete this part **only** if you are:

- Increasing or decreasing the number of exemptions (personal and dependents) claimed on line 6d of the return you are amending, or
- Increasing or decreasing the exemption amount for housing individuals displaced by Hurricane Katrina or a Midwestern disaster.

See Form 1040 or Form 1040A instructions and page 10 of Form 1040X instructions.

| | Correct Number or Amount |
|---|--------------------------|
| 23 Yourself and spouse. Caution. If someone can claim you as a dependent, you cannot claim an exemption for yourself | 23 |
| 24 Your dependent children who lived with you | 24 |
| 25 Your dependent children who did not live with you due to divorce or separation | 25 |
| 26 Other dependents | 26 |
| 27 Total number of exemptions. Add lines 23 through 26 | 27 |
| 28 Multiply the number of exemptions claimed on line 27 by the exemption amount shown in the instructions for line 28 for the year you are amending (see page 10 of instructions) | 28 |
| 29 If you are claiming an exemption amount for housing individuals displaced by Hurricane Katrina, enter the amount from Form 8914, line 6 for 2006. If you are claiming an exemption amount for housing individuals displaced by a Midwestern disaster, enter the amount from Form 8914, line 2 for 2008, or line 6 for 2009 | 29 |
| 30 Add lines 28 and 29. Enter the result here and on line 4 on page 1 of this form | 30 |
| 31 List ALL dependents (children and others) claimed on this amended return. If more than 4 dependents, see page 10 instructions. | |

| (a) First name | Last name | (b) Dependent's social security number | (c) Dependent's relationship to you | (d) Check box if qualifying child for child tax credit (see page 10 of instructions) |
|----------------|-----------|--|-------------------------------------|--|
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |

Presidential Election Campaign Fund

Checking below will not increase your tax or reduce your refund.

- ☐ Check here if you did not previously want \$3 to go to the fund, but now do.
- ☐ Check here if this is a joint return and your spouse did not previously want \$3 to go to the fund, but now does.

Checklist

Before mailing this form, remember to

- ☐ Complete name, address, and social security number
- ☐ Complete lines A, B, and C on page 1
- ☐ Complete lines 1 through 22 on page 1
- ☐ Complete lines 23 through 31 on page 2, if required
- ☐ Attach any supporting documents and new or changed forms and schedules
- ☐ Sign and date this form

Sign Here**Remember to keep a copy of this form for your records.**

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information about which the preparer has any knowledge.

| | | | |
|--|--|---|--|
| <div style="border: 1px solid black; height: 30px; width: 100%;"></div> Your signature | <div style="border: 1px solid black; height: 30px; width: 100%;"></div> Date | <div style="border: 1px solid black; height: 30px; width: 100%;"></div> Spouse's signature. If a joint return, both must sign. | <div style="border: 1px solid black; height: 30px; width: 100%;"></div> Date |
| <div style="border: 1px solid black; height: 30px; width: 100%;"></div> Paid Preparer's Use Only | <div style="border: 1px solid black; height: 30px; width: 100%;"></div> Date | <div style="border: 1px solid black; height: 30px; width: 100%;"></div> YOSS ALLEN JONAVIC, 414 YALE AVE, STE I, CLAREMONT, CA 917// | |
| <div style="border: 1px solid black; height: 30px; width: 100%;"></div> Firm's name (or yours if self-employed), address, and ZIP code | | | |
| <div style="border: 1px solid black; height: 30px; width: 100%;"></div> Preparer's SSN or PTIN | <input type="checkbox"/> Check if self-employed | <div style="border: 1px solid black; height: 30px; width: 100%;"></div> Phone number | <div style="border: 1px solid black; height: 30px; width: 100%;"></div> EIN |

For forms and publications, visit IRS on the Web at www.irs.gov.

Form 1040X (Rev. 01-2010)

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Department of the Treasury — Internal Revenue Service

Form **1040** **U.S. Individual Income Tax Return** **2007** IRS Use Only — Do not write or staple in this space.

For the year Jan 1 - Dec 31, 2007, or other tax year beginning , 2007, ending , 20

OMB No. 1545-0074

Label (See instructions.) Your first name MI Last name
JERROLD S PRESSMAN

Your social security number

If a joint return, spouse's first name MI Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apartment no.
705 PALISADES BEACH ROAD

You must enter your social security number(s) above.

City, town or post office. If you have a foreign address, see instructions. State ZIP code
SANTA MONICA CA 90402-2607

Checking a box below will not change your tax or refund.

Presidential Election Campaign ☐ You ☐ Spouse

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund? (see instructions)

Filing Status

1 ☒ Single

2 ☐ Married filing jointly (even if only one had income)

3 ☐ Married filing separately. Enter spouse's SSN above & full name here

4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here

5 ☐ Qualifying widow(er) with dependent child (see instructions)

Check only one box.

Exemptions

6a ☒ Yourself. If someone can claim you as a dependent, do not check box 6a

b ☐ Spouse

c Dependents:

| (1) First name | Last name | (2) Dependent's social security number | (3) Dependent's relationship to you | (4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see instrs) |
|----------------|-----------|--|-------------------------------------|---|
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |

If more than four dependents, see instructions.

d Total number of exemptions claimed

Income

7 Wages, salaries, tips, etc. Attach Form(s) W-2

8a Taxable interest. Attach Schedule B if required

8b Tax-exempt interest. Do not include on line 8a

9a Ordinary dividends. Attach Schedule B if required

9b Qualified dividends (see instrs)

10 Taxable refunds, credits, or offsets of state and local income taxes (see instructions)

11 Alimony received

12 Business income or (loss). Attach Schedule C or C-EZ

13 Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here

14 Other gains or (losses). Attach Form 4797

15a IRA distributions

15b Taxable amount (see instrs)

16a Pensions and annuities

16b Taxable amount (see instrs)

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E

18 Farm income or (loss). Attach Schedule F

19 Unemployment compensation

20a Social security benefits

20b Taxable amount (see instrs)

21 Other income **NET OPERATING LOSS - SEE STMT**

22 Add the amounts in the far right column for lines 7 through 21. This is your **total income**

Adjusted Gross Income

23 Educator expenses (see instructions)

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ

25 Health savings account deduction. Attach Form 8889

26 Moving expenses. Attach Form 3903

27 One-half of self-employment tax. Attach Schedule SE

28 Self-employed SEP, SIMPLE, and qualified plans

29 Self-employed health insurance deduction (see instructions)

30 Penalty on early withdrawal of savings

31a Alimony paid b Recipient's SSN

32 IRA deduction (see instructions)

33 Student loan interest deduction (see instructions)

34 Tuition and fees deduction. Attach Form 8917

35 Domestic production activities deduction. Attach Form 8903

36 Add lines 23 - 31a and 32 - 35

37 Subtract line 36 from line 22. This is your **adjusted gross income**

BAA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see instructions.

FDIA0112 12/06/07 Form 1040 (2007)

| Form 1040 (2007) JERROLD S PRESSMAN | | Page 2 | |
|---|---|-----------|--------------------------|
| Tax and Credits | 38 Amount from line 37 (adjusted gross income) | 38 | -12,011,759. |
| Standard Deduction for — • People who checked any box on line 39a or 39b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, \$5,350 Married filing jointly or Qualifying widow(er), \$10,700 Head of household, \$7,850 | 39a Check <input checked="" type="checkbox"/> You were born before January 2, 1943, <input type="checkbox"/> Blind. Total boxes checked 1 if: <input type="checkbox"/> Spouse was born before January 2, 1943, <input type="checkbox"/> Blind. 39a 1 39b <input type="checkbox"/> | | |
| | b If your spouse itemizes on a separate return, or you were a dual-status alien, see instrs and ck here 39b <input type="checkbox"/> | | |
| | 40 Itemized deductions (from Schedule A) or your standard deduction (see left margin) | 40 | 6,650. |
| | 41 Subtract line 40 from line 38 | 41 | -12,018,409. |
| | 42 If line 38 is \$117,300 or less, multiply \$3,400 by the total number of exemptions claimed on line 6d. If line 38 is over \$117,300, see the instructions | 42 | 3,400. |
| | 43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0- | 43 | 0. |
| | 44 Tax (see instrs). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/> Form(s) 8889 | 44 | 0. |
| | 45 Alternative minimum tax (see instructions). Attach Form 6251 | 45 | 1,817. |
| | 46 Add lines 44 and 45 | 46 | 1,817. |
| | 47 Credit for child and dependent care expenses. Attach Form 2441 | 47 | |
| 48 Credit for the elderly or the disabled. Attach Schedule R | 48 | 750. | |
| 49 Education credits. Attach Form 8863 | 49 | | |
| 50 Residential energy credits. Attach Form 5695 | 50 | | |
| 51 Foreign tax credit. Attach Form 1116 if required | 51 | | |
| 52 Child tax credit (see instructions). Attach Form 8901 if required | 52 | | |
| 53 Retirement savings contributions credit. Attach Form 8880 | 53 | | |
| 54 Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8859 c <input type="checkbox"/> Form 8839 | 54 | | |
| 55 Other credits: a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Form | 55 | | |
| 56 Add lines 47 through 55. These are your total credits | 56 | 750. | |
| 57 Subtract line 56 from line 46. If line 56 is more than line 46, enter -0- | 57 | 1,067. | |
| Other Taxes | 58 Self-employment tax. Attach Schedule SE | 58 | |
| 59 Unreported social security and Medicare tax from: a <input type="checkbox"/> Form 4137 b <input type="checkbox"/> Form 8919 | 59 | | |
| 60 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required | 60 | | |
| 61 Advance earned income credit payments from Form(s) W-2, box 9 | 61 | | |
| 62 Household employment taxes. Attach Schedule H | 62 | | |
| 63 Add lines 57-62. This is your total tax | 63 | 1,067. | |
| Payments | 64 Federal income tax withheld from Forms W-2 and 1099 | 64 | |
| 65 2007 estimated tax payments and amount applied from 2006 return | 65 | | |
| 66a Earned income credit (EIC) | 66a | | |
| b Nontaxable combat pay election 66b <input type="checkbox"/> | | | |
| 67 Excess social security and tier 1 RRTA tax withheld (see instructions) | 67 | | |
| 68 Additional child tax credit. Attach Form 8812 | 68 | | |
| 69 Amount paid with request for extension to file (see instructions) | 69 | | |
| 70 Payments from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 c <input type="checkbox"/> Form 8885 | 70 | | |
| 71 Refundable credit for prior year minimum tax from Form 8801, line 27 | 71 | | |
| 72 Add lines 64, 65, 66a, and 67 through 71. These are your total payments | 72 | | |
| Refund | 73 If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid | 73 | |
| 74a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/> | 74a | | |
| b Routing number XXXXXXXXXX c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings | | | |
| d Account number XXXXXXXXXXXXXXXXXXXX | | | |
| 75 Amount of line 73 you want applied to your 2008 estimated tax | 75 | | |
| Amount You Owe | 76 Amount you owe. Subtract line 72 from line 63. For details on how to pay, see instructions | 76 | 1,067. |
| 77 Estimated tax penalty (see instructions) | 77 | | |
| Third Party Designee | Do you want to allow another person to discuss this return with the IRS (see instructions)? <input checked="" type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No | | |
| Designee's name Preparer Phone no. Personal identification number (PIN) | | | |
| Sign Here | Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. | | |
| Joint return? See instructions. Your signature Date Your occupation Daytime phone number | | EXECUTIVE | |
| Keep a copy for your records. Spouse's signature. If a joint return, both must sign. Date Spouse's occupation | | | |
| Paid Preparer's Use Only | Preparer's signature Date Check if self-employed <input type="checkbox"/> | | Preparer's SSN or PTIN |
| Firm's name (or yours if self-employed), address, and ZIP code | THEODORE P. JONAVIC, CPA 5724 SHIRE COURT RANCHO CUCAMONGA CA 91701 | EIN | Phone no. (909) 989-7426 |

Form 1040 (2007)

FDIA0112 12/06/07

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Schedule E (Form 1040) 2007

Attachment Sequence No. 13

Page 2

Name(s) shown on return. Do not enter name and social security number if shown on Page 1.

Your social security number

JERROLD S PRESSMAN

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II Income or Loss From Partnerships and S Corporations

Note. If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column (e) on line 28 and attach Form 6198. See instructions.

- 27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? ☒ Yes ☐ No
If you answered 'Yes,' see instructions before completing this section.

| 28 | (a) Name | (b) Enter P for partnership; S for S corporation | (c) Check if foreign partnership | (d) Employer identification number | (e) Check if any amount is not at risk |
|----|------------------------|--|----------------------------------|------------------------------------|--|
| | A S. C. CLUB, L. P. | P | <input type="checkbox"/> | | <input type="checkbox"/> |
| | B EPD INVESTMENTS, LLC | P | <input type="checkbox"/> | | <input type="checkbox"/> |
| | C PYA | P | <input type="checkbox"/> | | <input type="checkbox"/> |

D See Line 28 Information

| Passive Income and Loss | | Nonpassive Income and Loss | | |
|---|--------------------------------------|---------------------------------------|--|---|
| (f) Passive loss allowed (attach Form 8582 if required) | (g) Passive income from Schedule K-1 | (h) Nonpassive loss from Schedule K-1 | (i) Section 179 expense deduction from Form 4562 | (j) Nonpassive income from Schedule K-1 |
| A 787,569. | 727,960. | | | |
| B | | 2,267. | | |
| C 107,872. | | | | |
| D 3,706. | 173,104. | | 23,872. | 539,997. |
| 29a Totals | 901,064. | | | 539,997. |
| b Totals | 899,147. | 2,267. | 23,872. | |
| 30 Add columns (g) and (j) of line 29a | | | 30 | 1,441,061. |
| 31 Add columns (f), (h), and (i) of line 29b | | | 31 | -925,286. |
| 32 Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below | | | 32 | 515,775. |

Part III Income or Loss From Estates and Trusts

| 33 | (a) Name | (b) Employer ID no. |
|--|--------------------------------------|---|
| A | | |
| B | | |
| Passive Income and Loss | | Nonpassive Income and Loss |
| (c) Passive deduction or loss allowed (attach Form 8582 if required) | (d) Passive income from Schedule K-1 | (e) Deduction or loss from Schedule K-1 |
| A | | |
| B | | |
| 34a Totals | | |
| b Totals | | |
| 35 Add columns (d) and (f) of line 34a | | 35 |
| 36 Add columns (c) and (e) of line 34b | | 36 |
| 37 Total estate and trust income or (loss). Combine lines 35 and 36. Enter the result here and include in the total on line 41 below | | 37 |

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) – Residual Holder

| 38 | (a) Name | (b) Employer identification number | (c) Excess inclusion from Schedules Q, line 2c (see instructions) | (d) Taxable income (net loss) from Schedules Q, line 1b | (e) Income from Schedules Q, line 3b |
|--|----------|------------------------------------|---|---|--------------------------------------|
| | | | | | |
| 39 Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below | | | | 39 | |

Part V Summary

| | | |
|--|----|----------|
| 40 Net farm rental income or (loss) from Form 4835. Also, complete line 42 below | 40 | |
| 41 Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Form 1040, line 17, or Form 1040NR, line 18 | 41 | 515,775. |
| 42 Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120S), box 17, code T; and Schedule K-1 (Form 1041), line 14, code F (see instructions) | 42 | |
| 43 Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040 or Form 1040NR from all rental real estate activities in which you materially participated under the passive activity loss rules | 43 | |

BAA

FDIZ2302 06/11/07

Schedule E (Form 1040) 2007

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Form **4797**Department of the Treasury
Internal Revenue Service (99)**Sales of Business Property**
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

2007Attachment
Sequence No. 27

Name(s) shown on return

Identifying number

JERROLD S PRESSMAN

- 1 Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) 1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft — Most Property Held More Than 1 Year (see instructions)

| 2 | (a) Description of property | (b) Date acquired (month, day, year) | (c) Date sold (month, day, year) | (d) Gross sales price | (e) Depreciation allowed or allowable since acquisition | (f) Cost or other basis, plus improvements and expense of sale | (g) Gain or (loss) Subtract (f) from the sum of (d) and (e) |
|---|--|--------------------------------------|----------------------------------|-----------------------|---|--|---|
| | From K-1 | | | | | | -1,917. |
| | | | | | | | |
| | | | | | | | |
| 3 | Gain, if any, from Form 4684, line 39 | | | | | | 3 |
| 4 | Section 1231 gain from installment sales from Form 6252, line 26 or 37 | | | | | | 4 |
| 5 | Section 1231 gain or (loss) from like-kind exchanges from Form 8824 | | | | | | 5 |
| 6 | Gain, if any, from line 32, from other than casualty or theft | | | | | | 6 |
| 7 | Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. | | | | | | 7 |
| | Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below. | | | | | | |
| 8 | Nonrecaptured net section 1231 losses from prior years (see instructions) | | | | | | 8 |
| 9 | Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) | | | | | | 9 |

Part II Ordinary Gains and Losses (see instructions)

- 10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

| | | | | | | | |
|----|--|--|--|--|--|--|-----|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| 11 | Loss, if any, from line 7 | | | | | | 11 |
| 12 | Gain, if any, from line 7 or amount from line 8, if applicable | | | | | | 12 |
| 13 | Gain, if any, from line 31 | | | | | | 13 |
| 14 | Net gain or (loss) from Form 4684, lines 31 and 38a | | | | | | 14 |
| 15 | Ordinary gain from installment sales from Form 6252, line 25 or 36 | | | | | | 15 |
| 16 | Ordinary gain or (loss) from like-kind exchanges from Form 8824 | | | | | | 16 |
| 17 | Combine lines 10 through 16 | | | | | | 17 |
| 18 | For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below: | | | | | | |
| | a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from 'Form 4797, line 18a.' See instructions | | | | | | 18a |
| | b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 | | | | | | 18b |

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 4797 (2007)

Form **8582****Passive Activity Loss Limitations**

OMB No. 1545-1008

2007Department of the Treasury
Internal Revenue Service (99)▶ See separate instructions.
▶ Attach to Form 1040 or Form 1041.Attachment
Sequence No. 88

Name(s) shown on return

Identifying number

JERROLD S PRESSMAN

Part I 2007 Passive Activity Loss**Caution:** Complete Worksheets 1, 2, and 3 on page 2 before completing Part I.**Rental Real Estate Activities With Active Participation** (For the definition of active participation, see **Special Allowance for Rental Real Estate Activities** in the instructions.)

| | | | |
|--|-----|-----|--|
| 1 a Activities with net income (enter the amount from Worksheet 1, column (a)) | 1 a | | |
| b Activities with net loss (enter the amount from Worksheet 1, column (b)) | 1 b | | |
| c Prior years unallowed losses (enter the amount from Worksheet 1, column (c)) | 1 c | | |
| d Combine lines 1a, 1b, and 1c | | 1 d | |

Commercial Revitalization Deductions From Rental Real Estate Activities

| | | | |
|--|-----|-----|--|
| 2 a Commercial revitalization deductions from Worksheet 2, column (a) | 2 a | | |
| b Prior year unallowed commercial revitalization deductions from Worksheet 2, column (b) | 2 b | | |
| c Add lines 2a and 2b | | 2 c | |

All Other Passive Activities

| | | | |
|--|-----|-------------|-------------|
| 3 a Activities with net income (enter the amount from Worksheet 3, column (a)) | 3 a | 901,064. | |
| b Activities with net loss (enter the amount from Worksheet 3, column (b)) | 3 b | 0. | |
| c Prior years unallowed losses (enter the amount from Worksheet 3, column (c)) | 3 c | -4,974,767. | |
| d Combine lines 3a, 3b, and 3c | | 3 d | -4,073,703. |

4 Combine lines 1d, 2c, and 3d. If the result is net income or zero, all losses are allowed, including any prior year unallowed losses entered on line 1c, 2b, or 3c. **Do not** complete Form 8582. Report the losses on the forms and schedules normally used

| | |
|---|-------------|
| 4 | -4,073,703. |
|---|-------------|

- If line 4 is a loss and:
- Line 1d is a loss, go to Part II.
 - Line 2c is a loss (and line 1d is zero or more), skip Part II and go to Part III.
 - Line 3d is a loss (and lines 1d and 2c are zero or more), skip Parts II and III and go to line 15.

Caution: If your filing status is married filing separately and you lived with your spouse at any time during the year, **do not** complete Part II or Part III. Instead, go to line 15.

Part II Special Allowance for Rental Real Estate Activities With Active Participation**Note:** Enter all numbers in Part II as positive amounts. See the instructions for an example.

| | | |
|---|----|----|
| 5 Enter the smaller of the loss on line 1d or the loss on line 4 | 5 | |
| 6 Enter \$150,000. If married filing separately, see the instructions | 6 | |
| 7 Enter modified adjusted gross income, but not less than zero (see instructions) | 7 | |
| Note: If line 7 is greater than or equal to line 6, skip lines 8 and 9, enter -0- on line 10. Otherwise, go to line 8. | | |
| 8 Subtract line 7 from line 6 | 8 | |
| 9 Multiply line 8 by 50% (.5). Do not enter more than \$25,000. If married filing separately, see instructions | 9 | |
| 10 Enter the smaller of line 5 or line 9 | 10 | 0. |

If line 2c is a loss, go to Part III. Otherwise, go to line 15.

Part III Special Allowance for Commercial Revitalization Deductions From Rental Real Estate Activities**Note:** Enter all numbers in Part III as positive amounts. See the example for Part II in the instructions.

| | | |
|---|----|--|
| 11 Enter \$25,000 reduced by the amount, if any, on line 10. If married filing separately, see instructions | 11 | |
| 12 Enter the loss from line 4 | 12 | |
| 13 Reduce line 12 by the amount on line 10 | 13 | |
| 14 Enter the smallest of line 2c (treated as a positive amount), line 11, or line 13 | 14 | |

Part IV Total Losses Allowed

| | | |
|--|----|----------|
| 15 Add the income, if any, on lines 1a and 3a and enter the total | 15 | 901,064. |
| 16 Total losses allowed from all passive activities for 2007. Add lines 10, 14, and 15. See the instructions to find out how to report the losses on your tax return | 16 | 901,064. |

BAA For Paperwork Reduction Act Notice, see the instructions.

Form 8582 (2007)

FDIZ1901 07/09/07

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Form 8582 (2007) JERROLD S PRESSMAN

Page 2

Caution: The worksheets must be filed with your tax return. Keep a copy for your records.

Worksheet 1 – For Form 8582, Lines 1a, 1b, and 1c (See instructions.)

| Name of activity | Current year | | Prior years | Overall gain or loss | |
|---|--------------------------|------------------------|------------------------------|----------------------|----------|
| | (a) Net income (line 1a) | (b) Net loss (line 1b) | (c) Unallowed loss (line 1c) | (d) Gain | (e) Loss |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total. Enter on Form 8582, lines 1a, 1b, and 1c | | | | | |

Worksheet 2 – For Form 8582, Lines 2a and 2b (See instructions.)

| Name of activity | (a) Current year deductions (line 2a) | (b) Prior year unallowed deductions (line 2b) | (c) Overall loss |
|--|---------------------------------------|---|------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total. Enter on Form 8582, lines 2a and 2b | | | |

Worksheet 3 – For Form 8582, Lines 3a, 3b, and 3c (See instructions.)

| Name of activity | Current year | | Prior years | Overall gain or loss | |
|---|--------------------------|------------------------|------------------------------|----------------------|------------|
| | (a) Net income (line 3a) | (b) Net loss (line 3b) | (c) Unallowed loss (line 3c) | (d) Gain | (e) Loss |
| S. C. CLUB, L. P. | 727,960. | 0. | 2,234,448. | | 1,506,488. |
| EPD INVESTMENTS, LLC | 0. | 0. | 2,646,463. | | 2,646,463. |
| S. C., INC. | 0. | 0. | 93,856. | | 93,856. |
| ICE SKATING ENTERPRISES, INC. | 173,104. | 0. | | 173,104. | |
| | | | | | |
| Total. Enter on Form 8582, lines 3a, 3b, and 3c | 901,064. | 0. | 4,974,767. | | |

Worksheet 4 – Use this worksheet if an amount is shown on Form 8582, line 10 or 14 (See instructions.)

| Name of activity | Form or schedule and line number to be reported on (see instructions) | (a) Loss | (b) Ratio | (c) Special allowance | (d) Subtract column (c) from column (a) |
|------------------|---|----------|-----------|-----------------------|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total | | | 1.00 | | |

Worksheet 5 – Allocation of Unallowed Losses (See instructions.)

| Name of activity | Form or schedule and line number to be reported on (see instructions) | (a) Loss | (b) Ratio | (c) Unallowed loss |
|----------------------|---|------------|------------|--------------------|
| S. C. CLUB, L. P. | Various | 1,506,488. | 0.35473427 | 1,445,082. |
| EPD INVESTMENTS, LLC | E Ln 28B | 2,646,463. | 0.62316536 | 2,538,591. |
| S. C., INC. | Various | 93,856. | 0.02210037 | 90,030. |
| | | | | |
| | | | | |
| Total | | 4,246,807. | 1.00 | 4,073,703. |

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Page 3

Form 8582 (2007) JERROLD S PRESSMAN

Worksheet 6 – Allowed Losses (See instructions.)

| Name of activity | Form or schedule and line number to be reported on (see instructions) | (a) Loss | (b) Unallowed loss | (c) Allowed loss |
|----------------------|---|-------------|-----------------------|---------------------|
| EPD INVESTMENTS, LLC | E Ln 28B | 2,646,463. | 2,538,591. | 107,872. |
| | | | | |
| | | | | |
| Total | | 2,646,463. | 2,538,591. | 107,872. |

Worksheet 7 – Activities With Losses Reported on Two or More Forms or Schedules (See instructions.)

| | (a) | (b) | (c) Ratio | (d) Unallowed loss | (e) Allowed loss |
|---|------------|------------|--------------|-----------------------|---------------------|
| Name of Activity ... S. C. CLUB, L. P. Type K-1 P | | | | | |
| Form or schedule and line number to be reported on (see instructions) E Ln 28A | | | | | |
| 1a Net loss plus prior year unallowed loss from form or schedule | 2,190,373. | | | | |
| b Net income from form or schedule | 727,960. | | | | |
| c Subtract line 1b from line 1a. If zero or less, enter -0- | | 1,462,413. | 0.97074321 | 1,402,804. | 787,569. |
| Form or schedule and line number to be reported on (see instructions) 4797 Pt I | | | | | |
| 1a Net loss plus prior year unallowed loss from form or schedule | 44,075. | | | | |
| b Net income from form or schedule | 0. | | | | |
| c Subtract line 1b from line 1a. If zero or less, enter -0- | | 44,075. | 0.02925679 | 42,278. | 1,797. |
| Form or schedule and line number to be reported on (see instructions) | | | | | |
| 1a Net loss plus prior year unallowed loss from form or schedule | | | | | |
| b Net income from form or schedule | | | | | |
| c Subtract line 1b from line 1a. If zero or less, enter -0- | | | | | |
| Form or schedule and line number to be reported on (see instructions) | | | | | |
| 1a Net loss plus prior year unallowed loss from form or schedule | | | | | |
| b Net income from form or schedule | | | | | |
| c Subtract line 1b from line 1a. If zero or less, enter -0- | | | | | |
| Total | | 1,506,488. | 1.00 | 1,445,082. | 789,366. |
| Name of Activity ... S. C., INC. Type K-1 S | | | | | |
| Form or schedule and line number to be reported on (see instructions) E Ln 28E | | | | | |
| 1a Net loss plus prior year unallowed loss from form or schedule | 90,903. | | | | |
| b Net income from form or schedule | 0. | | | | |
| c Subtract line 1b from line 1a. If zero or less, enter -0- | | 90,903. | 0.96853691 | 87,197. | 3,706. |
| Form or schedule and line number to be reported on (see instructions) 4797 Pt I | | | | | |
| 1a Net loss plus prior year unallowed loss from form or schedule | 2,953. | | | | |
| b Net income from form or schedule | 0. | | | | |
| c Subtract line 1b from line 1a. If zero or less, enter -0- | | 2,953. | 0.03146309 | 2,833. | 120. |
| Form or schedule and line number to be reported on (see instructions) | | | | | |
| 1a Net loss plus prior year unallowed loss from form or schedule | | | | | |
| b Net income from form or schedule | | | | | |
| c Subtract line 1b from line 1a. If zero or less, enter -0- | | | | | |
| Form or schedule and line number to be reported on (see instructions) | | | | | |
| 1a Net loss plus prior year unallowed loss from form or schedule | | | | | |
| b Net income from form or schedule | | | | | |
| c Subtract line 1b from line 1a. If zero or less, enter -0- | | | | | |
| Total | | 93,856. | 1.00 | 90,030. | 3,826. |

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Form 8582 (2007)

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JERROLD S PRESSMAN

1

Schedule E, page 2

Line 28 Information

| 28 | (a) Name | (b) P/S | (c) Foreign Partnership | (d) EIN | (e) Any amount is not at risk |
|----|--|------------|-------------------------------|------------|-------------------------------------|
| D | BROADWAY ENTERTAINMENT MARKETING | S | | 95-4376584 | |
| E | S. C., INC. | S | | 95-2389644 | |
| F | ICE SPECIALTY ENTERTAINMENT, INC. (DE) | S | | 95-4765578 | |
| G | GENTLE DENTAL ASSOCIATES, LTD. | S | | 36-3080818 | |
| H | ICE SKATING ENTERPRISES, INC. | S | | 48-1289405 | |

Schedule E, page 2

Line 28 Income or Loss

| Name | Passive Income and Loss | | Nonpassive Income and Loss | | |
|---------------|-------------------------|-------------------|----------------------------|--------------------|-------------------|
| | (f) Loss Allowed K-1 | (g) Income K-1 | (h) Loss K-1 | (i) Section 179 | (j) Income K-1 |
| D BROADWAY EN | | | | | 427,000. |
| E S. C., INC. | 3,706. | | | | |
| F ICE SPECIAL | | | | 321. | 11,167. |
| G GENTLE DENT | | | | 23,551. | 101,830. |
| H ICE SKATING | | 173,104. | | | |
| Total | <u>3,706.</u> | <u>173,104.</u> | | <u>23,872.</u> | <u>539,997.</u> |

Explanation Statement

Form/Line: Form 1040 Line 21, Other Income Statement 7
Explanation of: Net Operating Loss Carryforward

AMOUNT CARRIED FORWARD FROM PRIOR YEAR

Form **6251**Department of the Treasury
Internal Revenue Service (99)**Alternative Minimum Tax – Individuals**▶ See separate instructions.
▶ Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

2007Attachment
Sequence No. **32**

Name(s) shown on Form 1040 or Form 1040NR

Your social security number

JERROLD S PRESSMAN**Part I Alternative Minimum Taxable Income** (See instructions for how to complete each line.)

| | | | |
|----|---|----|--------------|
| 1 | If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41, and go to line 2. Otherwise, enter the amount from Form 1040, line 38, and go to line 7. (If less than zero, enter as a negative amount.) | 1 | -12,011,759. |
| 2 | Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4 or 2.5% (.025) of Form 1040, line 38. If zero or less, enter -0- | 2 | |
| 3 | Taxes from Schedule A (Form 1040), line 9 | 3 | |
| 4 | Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet in the instructions | 4 | |
| 5 | Miscellaneous deductions from Schedule A (Form 1040), line 27 | 5 | |
| 6 | If Form 1040, line 38, is over \$156,400 (over \$78,200 if married filing separately), enter the amount from line 11 of the Itemized Deductions Worksheet in the Instructions for Schedule A (Form 1040) | 6 | |
| 7 | Tax refund from Form 1040, line 10 or line 21 | 7 | |
| 8 | Investment interest expense (difference between regular tax and AMT) | 8 | |
| 9 | Depletion (difference between regular tax and AMT) | 9 | |
| 10 | Net operating loss deduction from Form 1040, line 21. Enter as a positive amount | 10 | 12,525,617. |
| 11 | Interest from specified private activity bonds exempt from the regular tax | 11 | |
| 12 | Qualified small business stock (7% of gain excluded under section 1202) | 12 | |
| 13 | Exercise of incentive stock options (excess of AMT income over regular tax income) | 13 | |
| 14 | Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A) | 14 | |
| 15 | Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6) | 15 | |
| 16 | Disposition of property (difference between AMT and regular tax gain or loss) | 16 | -812. |
| 17 | Depreciation on assets placed in service after 1986 (difference between regular tax and AMT) | 17 | -468. |
| 18 | Passive activities (difference between AMT and regular tax income or loss) | 18 | 812. |
| 19 | Loss limitations (difference between AMT and regular tax income or loss) | 19 | |
| 20 | Circulation costs (difference between regular tax and AMT) | 20 | |
| 21 | Long-term contracts (difference between AMT and regular tax income) | 21 | |
| 22 | Mining costs (difference between regular tax and AMT) | 22 | |
| 23 | Research and experimental costs (difference between regular tax and AMT) | 23 | |
| 24 | Income from certain installment sales before January 1, 1987 | 24 | |
| 25 | Intangible drilling costs preference | 25 | |
| 26 | Other adjustments, including income-based related adjustments | 26 | |
| 27 | Alternative tax net operating loss deduction | 27 | -462,051. |
| 28 | Alternative minimum taxable income. Combine lines 1 through 27. (If married filing separately and line 28 is more than \$207,500, see instructions.) | 28 | 51,339. |

Part II Alternative Minimum Tax

| | | | | | | | | | | | | | | | | | | | |
|---|---|--------------------------------------|------------------------------------|---------------------------------------|--|--------------------------------------|------------------------------------|-----------------------------|--|-----------|----------|--|--|---------|--------|---------------------------|--|--------|--------|
| 29 | Exemption. (If this form is for a child under age 18, see instructions.) | | | | | | | | | | | | | | | | | | |
| <table border="0"> <tr> <td colspan="2">IF your filing status is . . .</td><td>AND line 28 is not over . . .</td><td>THEN enter on line 29 . . .</td></tr> <tr> <td>Single or head of household</td><td></td><td>\$112,500</td><td>\$44,350</td></tr> <tr> <td>Married filing jointly or qualifying widow(er)</td><td></td><td>150,000</td><td>66,250</td></tr> <tr> <td>Married filing separately</td><td></td><td>75,000</td><td>33,125</td></tr> </table> | | | | IF your filing status is . . . | | AND line 28 is not over . . . | THEN enter on line 29 . . . | Single or head of household | | \$112,500 | \$44,350 | Married filing jointly or qualifying widow(er) | | 150,000 | 66,250 | Married filing separately | | 75,000 | 33,125 |
| IF your filing status is . . . | | AND line 28 is not over . . . | THEN enter on line 29 . . . | | | | | | | | | | | | | | | | |
| Single or head of household | | \$112,500 | \$44,350 | | | | | | | | | | | | | | | | |
| Married filing jointly or qualifying widow(er) | | 150,000 | 66,250 | | | | | | | | | | | | | | | | |
| Married filing separately | | 75,000 | 33,125 | | | | | | | | | | | | | | | | |
| 29 | | | 44,350. | | | | | | | | | | | | | | | | |
| 30 | If line 28 is over the amount shown above for your filing status, see instructions. Subtract line 29 from line 28. If more than zero, go to line 31. If zero or less, enter -0- here and on lines 33 and 35 and skip the rest of Part II | 30 | 6,989. | | | | | | | | | | | | | | | | |
| 31 | <ul style="list-style-type: none"> • If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter. • If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as refigured for the AMT, if necessary), complete Part III on page 2 and enter the amount from line 55 here. • All others: If line 30 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result. | 31 | 1,817. | | | | | | | | | | | | | | | | |
| 32 | Alternative minimum tax foreign tax credit (see instructions) | 32 | | | | | | | | | | | | | | | | | |
| 33 | Tentative minimum tax. Subtract line 32 from line 31 | 33 | 1,817. | | | | | | | | | | | | | | | | |
| 34 | Tax from Form 1040, line 44 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 51). If you used Schedule J to figure your tax, the amount from line 44 of Form 1040 must be refigured without using Schedule J (see instructions) | 34 | 0. | | | | | | | | | | | | | | | | |
| 35 | Alternative minimum tax. Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45 | 35 | 1,817. | | | | | | | | | | | | | | | | |

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDIA5312 12/26/07

Form 6251 (2007)

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Form 6251 (2007)

JERROLD S PRESSMAN

Page 2

Part III Tax Computation Using Maximum Capital Gains Rates

| | | |
|----|---|----|
| 36 | Enter the amount from Form 6251, line 30. If you are filing Form 2555 or 2555-EZ, enter the amount from line 3 of the worksheet in the instructions | 36 |
| 37 | Enter the amount from line 6 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 13 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see the instructions for the amount to enter | 37 |
| 38 | Enter the amount from Schedule D (Form 1040), line 19 (as figured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see the instructions for the amount to enter | 38 |
| 39 | If you did not complete a Schedule D Tax Worksheet for the regular tax or the AMT, enter the amount from line 37. Otherwise, add lines 37 and 38, and enter the smaller of that result or the amount from line 10 of the Schedule D Tax Worksheet (as figured for the AMT, if necessary). If you are filing Form 2555 or 2555-EZ, see the instructions for the amount to enter | 39 |
| 40 | Enter the smaller of line 36 or line 39 | 40 |
| 41 | Subtract line 40 from line 36 | 41 |
| 42 | If line 41 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 41 by 26% (.26). Otherwise, multiply line 41 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result | 42 |
| 43 | Enter: <ul style="list-style-type: none"> • \$63,700 if married filing jointly or qualifying widow(er), • \$31,850 if single or married filing separately, or • \$42,650 if head of household. | 43 |
| 44 | Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 14 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter -0- | 44 |
| 45 | Subtract line 44 from line 43. If zero or less, enter -0- | 45 |
| 46 | Enter the smaller of line 36 or line 37 | 46 |
| 47 | Enter the smaller of line 45 or line 46 | 47 |
| 48 | Multiply line 47 by 5% (.05) | 48 |
| 49 | Subtract line 47 from line 46 | 49 |
| 50 | Multiply line 49 by 15% (.15) If line 38 is zero or blank, skip lines 51 and 52 and go to line 53. Otherwise, go to line 51. | 50 |
| 51 | Subtract line 46 from line 40 | 51 |
| 52 | Multiply line 51 by 25% (.25) | 52 |
| 53 | Add lines 42, 48, 50, and 52 | 53 |
| 54 | If line 36 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 36 by 26% (.26). Otherwise, multiply line 36 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result | 54 |
| 55 | Enter the smaller of line 53 or line 54 here and on line 31. If you are filing Form 2555 or 2555-EZ, do not enter this amount on line 31. Instead, enter it on line 4 of the worksheet in the instructions | 55 |

Form 6251 (2007)

FDIA5312 12/26/07

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Exhibit 28

SC Club (a/k/a Key Club) Profit & Loss Statement for 2005

10:58 AM

09/11/13

Accrual Basis

KEY CLUB
Profit & Loss
January through December 2005

| | Jan - Dec 05 |
|---|--------------|
| Ordinary Income/Expense | |
| Income | |
| 4000 · Sales | |
| 4100 · Restaurant sales | |
| 4101 · Food | 277,302.47 |
| 4103 · Liquor | 1,028,814.73 |
| 4104 · Beer | 577,847.15 |
| 4105 · Wine | 60,456.81 |
| 4106 · Two drink min. | 99,159.90 |
| 4107 · Cigarettes | 162.58 |
| Total 4100 · Restaurant sales | 2,043,743.64 |
| 4400 · Tickets and box office sales | |
| 4401 · Show tickets | 694,058.70 |
| 4402 · Show Tickets-Band Presale | 88,092.00 |
| 4404 · Promoter tickets | 81,222.63 |
| 4405 · Credit card surcharges | 11,170.00 |
| 4400 · Tickets and box office sales - Other | 0.00 |
| Total 4400 · Tickets and box office sales | 874,543.33 |
| 4500 · Special events sales | |
| 4501 · Allocated to food | -63,212.81 |
| 4502 · Allocated to beverage | -495.06 |
| 4503 · Allocated to liquor | -8,407.17 |
| 4504 · Allocated to beer | -3,901.74 |
| 4505 · Allocated to wine | -6,276.13 |
| 4506 · Allocated to room rental | -170,413.73 |
| 4507 · Allocated to production | -54,685.00 |
| 4510 · Allocated to service charges | -25,846.08 |
| 4512 · Allocated to parking | -9,144.00 |
| 4515 · Allocated to meet guarantee | -17,286.18 |
| 4500 · Special events sales - Other | 359,667.90 |
| Total 4500 · Special events sales | 0.00 |
| Total 4000 · Sales | 2,918,286.97 |
| 4700 · Comps. | |
| 4701 · Allocated to food | 75,409.63 |
| 4703 · Allocated to liquor | 201,808.05 |
| 4704 · Allocated to beer | 41,392.95 |
| 4705 · Allocated to wine | 10,809.92 |
| 4700 · Comps. - Other | -329,420.55 |
| Total 4700 · Comps. | 0.00 |
| 4999 · Other Income | |
| 4900 · Misc. Income | |
| 4901 · Coat check | 1,130.00 |
| 4902 · Spcl Evnt/Rm Rental/Add Min | 191,286.73 |
| 4903 · Atm phone commissions | 2,612.00 |
| 4904 · Boardroom membership, net | 12,500.00 |
| 4905 · Advertising billboards | 1,000.00 |
| 4907 · Videotape sales | 310.00 |
| 4910 · Band Merchandise | 3,587.00 |
| 4914 · Production Income from BEM | 735,000.00 |
| Total 4900 · Misc. Income | 947,425.73 |
| Total 4999 · Other Income | 947,425.73 |
| Total Income | 3,865,712.70 |

10:58 AM

09/11/13

Accrual Basis

KEY CLUB
Profit & Loss
January through December 2005

| | Jan - Dec 05 |
|--|---------------------|
| Cost of Goods Sold | |
| 5000 · Cost of Goods Sold | |
| 5100 · Restaurant | |
| 5101 · Food costs | 173,697.08 |
| 5103 · Liquor costs | 201,696.43 |
| 5104 · Beer costs | 115,355.29 |
| 5105 · Wine costs | 21,349.24 |
| 5107 · Cigarettes | 180.65 |
| Total 5100 · Restaurant | 512,278.69 |
| 5400 · Production | |
| 5401 · Bands, & other production costs | 1,190,537.78 |
| 5405 · Promoters | 41,634.97 |
| 5451 · Production payroll | 150,867.48 |
| 5452 · Production payroll taxes | 59,581.39 |
| 5455 · Production credits-spcl events | -64,042.99 |
| Total 5400 · Production | 1,378,578.63 |
| Total 5000 · Cost of Goods Sold | 1,890,857.32 |
| Total COGS | 1,890,857.32 |
| Gross Profit | 1,974,855.38 |
| Expense | |
| 6100 · Kithen & restaurant | |
| 6101 · Payroll | 195,261.20 |
| 6102 · Payroll tax expense | 72,209.61 |
| Total 6100 · Kithen & restaurant | 267,470.81 |
| 6200 · Club Controllable Exp. | |
| 6201 · Payroll | 103,905.53 |
| 6202 · Payroll tax expense | 70,977.82 |
| 6255 · Special events-credits club | -25,747.08 |
| Total 6200 · Club Controllable Exp. | 149,136.27 |
| 6400 · Box Office Controllable Exp. | |
| 6401 · Payroll | 26,936.73 |
| 6402 · Payroll tax expense | 11,332.46 |
| Total 6400 · Box Office Controllable Exp. | 38,269.19 |
| 6660 · Security | |
| 6661 · Payroll | 148,754.03 |
| 6662 · Payroll taxes | 51,832.52 |
| 6663 · Outside security | 84,024.83 |
| Total 6660 · Security | 284,611.38 |
| 6670 · Administration | |
| 6671 · Payroll | 134,254.19 |
| 6672 · Payroll taxes | 51,419.20 |
| Total 6670 · Administration | 185,673.39 |
| 6680 · Maintenance | |
| 6681 · Payroll | 51,771.21 |
| 6682 · Payroll tax expense | 15,280.29 |
| Total 6680 · Maintenance | 67,051.50 |
| 6690 · Management | |
| 6691 · Payroll | 184,454.04 |
| 6692 · Payroll taxes | 85,956.25 |
| Total 6690 · Management | 270,410.29 |

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Accrual Basis

KEY CLUB
Profit & Loss
January through December 2005

| | Jan - Dec 05 |
|--|----------------------|
| 6700 · Direct Operating Expenses | |
| 6712 · Fedex/ups/messenger | 8,780.61 |
| 6713 · Decorations | 12,467.70 |
| 6714 · Laundry & uniforms | 4,435.48 |
| 6715 · Dues & subscriptions | 10,189.68 |
| 6719 · Kitchen/Restaurant supplies | 3,293.03 |
| 6720 · Bar supplies | 45,298.60 |
| 6721 · China, glass and silver | 2,729.64 |
| 6725 · Equipment rentals | -4,513.99 |
| 6726 · Equipment lease | 43,154.27 |
| 6727 · Cash short or (over) | 3,282.62 |
| 6728 · Outside services | 36,172.63 |
| 6731 · Repairs & maintenance | 165,599.27 |
| 6737 · ADP charges | 9,047.45 |
| Total 6700 · Direct Operating Expenses | 339,936.99 |
| 6800 · Advertising & Promotions | |
| 6801 · Advertising | 237,197.89 |
| 6803 · Promotions-in house | 43,951.43 |
| 6805 · Comps total expenses | 97,850.71 |
| 6807 · Comps-sales tax | 8,018.58 |
| 6808 · Comps tips | 18,742.80 |
| Total 6800 · Advertising & Promotions | 405,761.41 |
| 6900 · General & Administrative | |
| 6901 · Bank charges/credit card fees | 130,281.00 |
| 6904 · Office Supplies | 43,120.33 |
| 6905 · Travel & entertainment | 50,656.91 |
| 6908 · Postage | 4,798.28 |
| 6912 · Interests | 2,404.95 |
| 6913 · Utilities | 77,862.14 |
| 6914 · Telephone | 26,476.11 |
| 6918 · Charitable contributions | 3,245.00 |
| 6919 · Taxes & Licenses | 70,769.35 |
| 6921 · Penalties & late fees | 3,291.51 |
| 6954 · Incentive/Bonus | 13,840.66 |
| Total 6900 · General & Administrative | 426,746.24 |
| 7000 · Non controllable costs | |
| 7001 · Insurance | 288,919.44 |
| 7003 · Professional fees | 678.00 |
| 7004 · Property taxes | 2,614.57 |
| 7005 · Rent | 203,756.28 |
| 7006 · Parking | 145,042.24 |
| 7007 · Parking income-special events | -2,924.00 |
| 7009 · Parking income-sub lease | -71,940.00 |
| 7010 · Reimbursement | 1,345.00 |
| 7011 · Storage & Moving Costs | 4,348.00 |
| 7099 · Deferred Charge Write off | 155,452.11 |
| Total 7000 · Non controllable costs | 727,291.64 |
| Total Expense | 3,162,359.11 |
| Net Ordinary Income | -1,187,503.73 |
| Other Income/Expense | |
| Other Income | |
| 7072 · Consulting Fee | 50,000.00 |
| Total Other Income | 50,000.00 |
| Net Other Income | 50,000.00 |
| Net Income | -1,137,503.73 |

Exhibit 29

SC Club (a/k/a Key Club) Profit & Loss Statement for 2006

10:58 AM

09/11/13

Accrual Basis

KEY CLUB
Profit & Loss
January through December 2006

| | Jan - Dec 06 |
|---|--------------|
| Ordinary Income/Expense | |
| Income | |
| 4000 · Sales | |
| 4100 · Restaurant sales | |
| 4101 · Food | 295,131.89 |
| 4103 · Liquor | 1,133,784.01 |
| 4104 · Beer | 640,308.07 |
| 4105 · Wine | 45,037.10 |
| 4106 · Two drink min. | 107,241.00 |
| 4107 · Cigarettes | 2,108.19 |
| Total 4100 · Restaurant sales | 2,223,610.26 |
| 4400 · Tickets and box office sales | |
| 4401 · Show tickets | 950,049.97 |
| 4402 · Show Tickets-Band Presale | 164,679.25 |
| 4404 · Promoter tickets | 74,272.64 |
| 4405 · Credit card surcharges | 9,614.00 |
| Total 4400 · Tickets and box office sales | 1,198,615.86 |
| 4500 · Special events sales | |
| 4501 · Allocated to food | -67,828.90 |
| 4502 · Allocated to beverage | -2,108.82 |
| 4503 · Allocated to liquor | -6,756.32 |
| 4504 · Allocated to beer | -3,790.13 |
| 4505 · Allocated to wine | -6,184.21 |
| 4506 · Allocated to room rental | -151,984.94 |
| 4507 · Allocated to production | -48,749.99 |
| 4510 · Allocated to service charges | -34,554.95 |
| 4512 · Allocated to parking | -5,590.00 |
| 4513 · Allocated to security | -150.00 |
| 4515 · Allocated to meet guarantee | -60,804.45 |
| 4500 · Special events sales - Other | 388,502.71 |
| Total 4500 · Special events sales | 0.00 |
| Total 4000 · Sales | 3,422,226.12 |
| 4700 · Comps. | |
| 4701 · Allocated to food | 51,200.01 |
| 4703 · Allocated to liquor | 200,556.12 |
| 4704 · Allocated to beer | 41,527.57 |
| 4705 · Allocated to wine | 8,056.09 |
| 4700 · Comps. - Other | -301,339.79 |
| Total 4700 · Comps. | 0.00 |
| 4999 · Other Income | |
| 4900 · Misc. Income | |
| 4901 · Coat check | 1,609.00 |
| 4902 · Spcl Evnt/Rm Rental/Add Min | 162,465.94 |
| 4903 · Atm phone commissions | 2,539.00 |
| 4904 · Boardroom membership, net | 2,500.00 |
| 4905 · Advertising billboards | 12,977.50 |
| 4907 · Videotape sales | 1,245.00 |
| 4910 · Band Merchandise | 4,374.00 |
| 4914 · Production Income frm BEM | 711,812.05 |
| 4915 · Photo booth | 303.00 |
| 4920 · Sponsorship | 11,500.00 |
| Total 4900 · Misc. Income | 911,325.49 |
| Total 4999 · Other Income | 911,325.49 |
| Total Income | 4,333,551.61 |

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Accrual Basis

KEY CLUB
Profit & Loss
January through December 2006

| | Jan - Dec 06 |
|--|---------------------|
| Cost of Goods Sold | |
| 5000 · Cost of Goods Sold | |
| 5100 · Restaurant | |
| 5101 · Food costs | 195,764.79 |
| 5103 · Liquor costs | 240,922.55 |
| 5104 · Beer costs | 138,350.85 |
| 5105 · Wine costs | 26,227.34 |
| 5107 · Cigarettes | 1,487.58 |
| Total 5100 · Restaurant | 602,753.11 |
| 5400 · Production | |
| 5401 · Bands, & other production costs | 1,522,322.67 |
| 5405 · Promoters | 47,652.25 |
| 5451 · Production payroll | 188,033.98 |
| 5452 · Production payroll taxes | 75,251.53 |
| 5455 · Production credits-spcl events | -68,375.26 |
| Total 5400 · Production | 1,764,885.17 |
| Total 5000 · Cost of Goods Sold | 2,367,638.28 |
| Total COGS | 2,367,638.28 |
| Gross Profit | 1,965,913.33 |
| Expense | |
| 6100 · Kithen & restaurant | |
| 6101 · Payroll | 176,081.95 |
| 6102 · Payroll tax expense | 68,922.57 |
| Total 6100 · Kithen & restaurant | 245,004.52 |
| 6200 · Club Controllable Exp. | |
| 6201 · Payroll | 107,105.43 |
| 6202 · Payroll tax expense | 83,167.19 |
| 6255 · Special events-credits club | -34,554.95 |
| Total 6200 · Club Controllable Exp. | 155,717.67 |
| 6400 · Box Office Controllable Exp. | |
| 6401 · Payroll | 25,756.90 |
| 6402 · Payroll tax expense | 8,680.20 |
| Total 6400 · Box Office Controllable Exp. | 34,437.10 |
| 6660 · Security | |
| 6661 · Payroll | 158,006.45 |
| 6662 · Payroll taxes | 54,109.10 |
| 6663 · Outside security | 110,581.47 |
| 6664 · Security credits-spl events | -325.00 |
| Total 6660 · Security | 322,372.02 |
| 6670 · Administration | |
| 6671 · Payroll | 164,651.96 |
| 6672 · Payroll taxes | 62,150.15 |
| Total 6670 · Administration | 226,802.11 |
| 6680 · Maintenance | |
| 6681 · Payroll | 50,267.22 |
| 6682 · Payroll tax expense | 14,588.52 |
| Total 6680 · Maintenance | 64,855.74 |
| 6690 · Management | |
| 6691 · Payroll | 282,860.62 |
| 6692 · Payroll taxes | 103,729.44 |
| Total 6690 · Management | 386,590.06 |

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Accrual Basis

KEY CLUB
Profit & Loss
January through December 2006

| | Jan - Dec 06 |
|--|----------------------|
| 6700 · Direct Operating Expenses | |
| 6712 · Fedex/ups/messenger | 8,143.93 |
| 6713 · Decorations | 8,211.69 |
| 6714 · Laundry & uniforms | 15,769.26 |
| 6715 · Dues & subscriptions | 5,373.09 |
| 6719 · Kitchen/Restaurant supplies | 629.49 |
| 6720 · Bar supplies | 46,694.95 |
| 6721 · China, glass and silver | 429.83 |
| 6725 · Equipment rentals | -5,779.42 |
| 6726 · Equipment lease | 91,505.77 |
| 6727 · Cash short or (over) | 2,891.51 |
| 6728 · Outside services | 95,341.02 |
| 6731 · Repairs & maintenance | 190,924.70 |
| 6737 · ADP charges | 10,497.84 |
| 6700 · Direct Operating Expenses - Other | 4.00 |
| Total 6700 · Direct Operating Expenses | 470,637.66 |
| 6800 · Advertising & Promotions | |
| 6801 · Advertising | 307,145.45 |
| 6803 · Promotions-in house | 34,698.66 |
| 6805 · Comps total expenses | 68,123.93 |
| 6807 · Comps-sales tax | 6,678.18 |
| 6808 · Comps tips | 19,685.87 |
| Total 6800 · Advertising & Promotions | 436,332.09 |
| 6900 · General & Administrative | |
| 6901 · Bank charges/credit card fees | 111,553.77 |
| 6904 · Office Supplies | 32,773.45 |
| 6905 · Travel & entertainment | 43,107.72 |
| 6908 · Postage | 2,917.86 |
| 6912 · Interests | 2,142.06 |
| 6913 · Utilities | 93,352.22 |
| 6914 · Telephone | 27,688.36 |
| 6915 · Computer expenses | 1,500.93 |
| 6918 · Charitable contributions | 1,500.00 |
| 6919 · Taxes & Licenses | 43,028.25 |
| 6921 · Penalties & late fees | 31,686.27 |
| 6954 · Incentive/Bonus | 17,874.30 |
| Total 6900 · General & Administrative | 409,125.19 |
| 7000 · Non controllable costs | |
| 7001 · Insurance | 225,878.00 |
| 7003 · Professional fees | 359.99 |
| 7004 · Property taxes | 350.74 |
| 7005 · Rent | 303,162.76 |
| 7006 · Parking | 114,240.58 |
| 7007 · Parking income-special events | -3,615.00 |
| 7009 · Parking income-sub lease | -72,110.00 |
| 7011 · Storage & Moving Costs | 12,614.28 |
| 7099 · Deferred Charge Write off | 1,809.20 |
| Total 7000 · Non controllable costs | 582,690.55 |
| Total Expense | 3,334,564.71 |
| Net Ordinary Income | -1,368,651.38 |
| Other Income/Expense | |
| Other Income | |
| 7070 · Other Inc. | 150,000.00 |
| 7072 · Consulting Fee | 600,000.00 |
| Total Other Income | 750,000.00 |
| Net Other Income | 750,000.00 |
| Net Income | -618,651.38 |

Exhibit 30

SC Club (a/k/a Key Club) Profit & Loss Statement for 2007

10:59 AM

09/11/13

Accrual Basis

KEY CLUB
Profit & Loss
January through December 2007

| | Jan - Dec 07 |
|---|--------------|
| Ordinary Income/Expense | |
| Income | |
| 4000 · Sales | |
| 4100 · Restaurant sales | |
| 4101 · Food | 332,865.16 |
| 4103 · Liquor | 1,252,054.54 |
| 4104 · Beer | 609,294.92 |
| 4105 · Wine | 64,632.88 |
| 4106 · Two drink min. | 110,143.00 |
| 4107 · Cigarettes | 910.49 |
| Total 4100 · Restaurant sales | 2,369,900.99 |
| 4400 · Tickets and box office sales | |
| 4401 · Show tickets | 861,654.10 |
| 4402 · Show Tickets-Band Presale | 161,742.75 |
| 4404 · Promoter tickets | 80,969.33 |
| 4405 · Credit card surcharges | 58,408.00 |
| Total 4400 · Tickets and box office sales | 1,162,774.18 |
| 4500 · Special events sales | |
| 4501 · Allocated to food | -104,332.05 |
| 4502 · Allocated to beverage | 0.00 |
| 4503 · Allocated to liquor | -13,433.95 |
| 4504 · Allocated to beer | -6,166.68 |
| 4505 · Allocated to wine | -10,459.28 |
| 4506 · Allocated to room rental | -212,662.94 |
| 4507 · Allocated to production | -64,620.41 |
| 4510 · Allocated to service charges | -58,194.22 |
| 4512 · Allocated to parking | -13,915.00 |
| 4515 · Allocated to meet guarantee | -74,877.41 |
| 4500 · Special events sales - Other | 558,661.94 |
| Total 4500 · Special events sales | 0.00 |
| Total 4000 · Sales | 3,532,675.17 |
| 4700 · Comps. | |
| 4701 · Allocated to food | 35,564.99 |
| 4703 · Allocated to liquor | 209,522.41 |
| 4704 · Allocated to beer | 50,849.45 |
| 4705 · Allocated to wine | 40,816.37 |
| 4700 · Comps. - Other | -336,753.22 |
| Total 4700 · Comps. | 0.00 |
| 4999 · Other Income | |
| 4900 · Misc. Income | |
| 4916 · Cotton Candy | 447.00 |
| 4901 · Coat check | 1,649.00 |
| 4902 · Spcl Evnt/Rm Rental/Add Min | 238,253.93 |
| 4903 · Atm phone commissions | 2,666.21 |
| 4905 · Advertising billboards | 28,263.00 |
| 4907 · Videotape sales | 3,875.00 |
| 4910 · Band Merchandise | 3,412.00 |
| 4914 · Production Income frm BEM | 782,417.00 |
| 4915 · Photo booth | 7,375.00 |
| 4920 · Sponsorship | 1,500.00 |
| Total 4900 · Misc. Income | 1,069,858.14 |
| Total 4999 · Other Income | 1,069,858.14 |
| Total Income | 4,602,533.31 |

10:59 AM

09/11/13

Accrual Basis

KEY CLUB
Profit & Loss
January through December 2007

| | Jan - Dec 07 |
|--|---------------------|
| Cost of Goods Sold | |
| 5000 · Cost of Goods Sold | |
| 5100 · Restaurant | |
| 5101 · Food costs | 250,003.61 |
| 5103 · Liquor costs | 251,172.71 |
| 5104 · Beer costs | 116,434.10 |
| 5105 · Wine costs | 16,878.72 |
| 5107 · Cigarettes | 115.66 |
| Total 5100 · Restaurant | 634,604.80 |
| 5400 · Production | |
| 5401 · Bands, & other production costs | 1,441,657.33 |
| 5405 · Promoters | 44,468.85 |
| 5451 · Production payroll | 217,889.83 |
| 5452 · Production payroll taxes | 83,585.84 |
| 5455 · Production credits-spcl events | -74,437.50 |
| Total 5400 · Production | 1,713,164.35 |
| Total 5000 · Cost of Goods Sold | 2,347,769.15 |
| Total COGS | 2,347,769.15 |
| Gross Profit | 2,254,764.16 |
| Expense | |
| 6100 · Kithen & restaurant | |
| 6101 · Payroll | 170,810.66 |
| 6102 · Payroll tax expense | 67,385.64 |
| Total 6100 · Kithen & restaurant | 238,196.30 |
| 6200 · Club Controllable Exp. | |
| 6201 · Payroll | 114,159.04 |
| 6202 · Payroll tax expense | 91,691.62 |
| 6255 · Special events-credits club | -58,194.22 |
| Total 6200 · Club Controllable Exp. | 147,656.44 |
| 6400 · Box Office Controllable Exp. | |
| 6401 · Payroll | 17,734.82 |
| 6402 · Payroll tax expense | 5,025.82 |
| Total 6400 · Box Office Controllable Exp. | 22,760.64 |
| 6660 · Security | |
| 6661 · Payroll | 156,021.59 |
| 6662 · Payroll taxes | 49,882.28 |
| 6663 · Outside security | 122,779.06 |
| 6664 · Security credits-spl events | -150.00 |
| Total 6660 · Security | 328,532.93 |
| 6670 · Administration | |
| 6671 · Payroll | 147,430.20 |
| 6672 · Payroll taxes | 64,107.88 |
| Total 6670 · Administration | 211,538.08 |
| 6680 · Maintenance | |
| 6681 · Payroll | 57,563.89 |
| 6682 · Payroll tax expense | 16,173.52 |
| Total 6680 · Maintenance | 73,737.41 |
| 6690 · Management | |
| 6691 · Payroll | 280,469.36 |
| 6692 · Payroll taxes | 110,042.21 |
| Total 6690 · Management | 390,511.57 |

10:59 AM

09/11/13

Accrual Basis

KEY CLUB
Profit & Loss
January through December 2007

| | Jan - Dec 07 |
|--|----------------------|
| 6700 · Direct Operating Expenses | |
| 6712 · Fedex/ups/messenger | 5,740.71 |
| 6713 · Decorations | 3,485.45 |
| 6714 · Laundry & uniforms | 19,145.41 |
| 6715 · Dues & subscriptions | 8,955.45 |
| 6719 · Kitchen/Restaurant supplies | 1,874.47 |
| 6720 · Bar supplies | 50,315.74 |
| 6721 · China, glass and silver | 878.47 |
| 6725 · Equipment rentals | -4,771.55 |
| 6726 · Equipment lease | 38,939.76 |
| 6727 · Cash short or (over) | 3,144.37 |
| 6728 · Outside services | 36,033.57 |
| 6731 · Repairs & maintenance | 208,144.60 |
| 6737 · ADP charges | 11,172.95 |
| Total 6700 · Direct Operating Expenses | 383,059.40 |
| 6800 · Advertising & Promotions | |
| 6801 · Advertising | 225,552.02 |
| 6803 · Promotions-in house | 28,524.10 |
| 6805 · Comps total expenses | 86,066.40 |
| 6807 · Comps-sales tax | 7,259.52 |
| 6808 · Comps tips | 19,064.89 |
| Total 6800 · Advertising & Promotions | 366,466.93 |
| 6900 · General & Administrative | |
| 6901 · Bank charges/credit card fees | 150,204.01 |
| 6904 · Office Supplies | 29,801.95 |
| 6905 · Travel & entertainment | 26,590.78 |
| 6908 · Postage | 5,355.97 |
| 6912 · Interests | 554.10 |
| 6913 · Utilities | 89,137.75 |
| 6914 · Telephone | 27,039.29 |
| 6915 · Computer expenses | 3,169.68 |
| 6918 · Charitable contributions | 1,000.00 |
| 6919 · Taxes & Licenses | 33,677.30 |
| 6921 · Penalties & late fees | 12,738.37 |
| 6954 · Incentive/Bonus | 8,248.32 |
| Total 6900 · General & Administrative | 387,517.52 |
| 7000 · Non controllable costs | |
| 7001 · Insurance | 280,604.32 |
| 7003 · Professional fees | 9,100.00 |
| 7004 · Property taxes | 57,947.32 |
| 7005 · Rent | 673,080.00 |
| 7006 · Parking | 119,700.00 |
| 7007 · Parking income-special events | -13,941.00 |
| 7009 · Parking income-sub lease | -68,115.00 |
| 7011 · Storage & Moving Costs | 12,002.00 |
| 7012 · Employee Claims | 2,400.00 |
| 7099 · Deferred Charge Write off | 6,200.68 |
| Total 7000 · Non controllable costs | 1,078,978.32 |
| Total Expense | 3,628,955.54 |
| Net Ordinary Income | -1,374,191.38 |
| Other Income/Expense | |
| Other Income | |
| 7071 · Othr Income | 1,965,419.92 |
| 7072 · Consulting Fee | 150,000.00 |
| Total Other Income | 2,115,419.92 |
| Net Other Income | 2,115,419.92 |
| Net Income | 741,228.54 |

Exhibit 31

SC Club (a/k/a Key Club) Profit & Loss Statement for 2008

10:59 AM

09/11/13

Accrual Basis

KEY CLUB
Profit & Loss
January through December 2008

| | Jan - Dec 08 |
|---|--------------|
| Ordinary Income/Expense | |
| Income | |
| 4000 · Sales | |
| 4100 · Restaurant sales | |
| 4101 · Food | 267,113.75 |
| 4103 · Liquor | 1,265,807.80 |
| 4104 · Beer | 601,763.55 |
| 4105 · Wine | 33,832.41 |
| 4106 · Two drink min. | 120,234.00 |
| 4107 · Cigarettes | 150.00 |
| Total 4100 · Restaurant sales | 2,288,901.51 |
| 4400 · Tickets and box office sales | |
| 4401 · Show tickets | 787,645.44 |
| 4402 · Show Tickets-Band Presale | 142,283.00 |
| 4404 · Promoter tickets | 70,438.75 |
| 4405 · Credit card surcharges | 118,468.98 |
| Total 4400 · Tickets and box office sales | 1,118,836.17 |
| 4500 · Special events sales | |
| 4501 · Allocated to food | -36,919.63 |
| 4502 · Allocated to beverage | -600.00 |
| 4503 · Allocated to liquor | -4,046.71 |
| 4504 · Allocated to beer | -2,129.73 |
| 4505 · Allocated to wine | -3,766.86 |
| 4506 · Allocated to room rental | -112,905.85 |
| 4507 · Allocated to production | -48,625.00 |
| 4510 · Allocated to service charges | -20,706.84 |
| 4512 · Allocated to parking | -3,270.00 |
| 4513 · Allocated to security | -1,158.50 |
| 4515 · Allocated to meet guarantee | -43,559.88 |
| 4500 · Special events sales - Other | 277,689.00 |
| Total 4500 · Special events sales | 0.00 |
| Total 4000 · Sales | 3,407,737.68 |
| 4700 · Comps. | |
| 4701 · Allocated to food | 20,391.63 |
| 4703 · Allocated to liquor | 183,843.07 |
| 4704 · Allocated to beer | 35,113.01 |
| 4705 · Allocated to wine | 28,981.26 |
| 4700 · Comps. - Other | -268,328.97 |
| Total 4700 · Comps. | 0.00 |
| 4999 · Other Income | |
| 4900 · Misc. Income | |
| 4916 · Cotton Candy | 268.00 |
| 4901 · Coat check | 1,690.00 |
| 4902 · Spcl Evnt/Rm Rental/Add Min | 137,810.05 |
| 4903 · Atm phone commissions | 2,265.00 |
| 4905 · Advertising billboards | 29,200.00 |
| 4907 · Videotape sales | 3,909.00 |
| 4910 · Band Merchandise | 4,499.00 |
| 4914 · Production Income frm BEM | 813,000.00 |
| 4915 · Photo booth | 6,870.00 |
| 4920 · Sponsorship | 76,250.00 |
| Total 4900 · Misc. Income | 1,075,761.05 |
| Total 4999 · Other Income | 1,075,761.05 |
| Total Income | 4,483,498.73 |

10:59 AM

09/11/13

Accrual Basis

KEY CLUB
Profit & Loss
January through December 2008

| | Jan - Dec 08 |
|--|---------------------|
| Cost of Goods Sold | |
| 5000 · Cost of Goods Sold | |
| 5100 · Restaurant | |
| 5101 · Food costs | 212,019.51 |
| 5103 · Liquor costs | 242,108.69 |
| 5104 · Beer costs | 129,567.24 |
| 5105 · Wine costs | 13,283.35 |
| 5107 · Cigarettes | -150.00 |
| Total 5100 · Restaurant | 596,828.79 |
| 5400 · Production | |
| 5401 · Bands, & other production costs | 1,420,057.41 |
| 5405 · Promoters | 35,143.66 |
| 5451 · Production payroll | 220,534.72 |
| 5452 · Production payroll taxes | 83,202.40 |
| 5455 · Production credits-spcl events | -49,375.00 |
| Total 5400 · Production | 1,709,563.19 |
| Total 5000 · Cost of Goods Sold | 2,306,391.98 |
| Total COGS | 2,306,391.98 |
| Gross Profit | 2,177,106.75 |
| Expense | |
| 6100 · Kithen & restaurant | |
| 6101 · Payroll | 171,855.60 |
| 6102 · Payroll tax expense | 61,015.82 |
| Total 6100 · Kithen & restaurant | 232,871.42 |
| 6200 · Club Controllable Exp. | |
| 6201 · Payroll | 104,155.80 |
| 6202 · Payroll tax expense | 90,482.78 |
| 6255 · Special events-credits club | -20,156.84 |
| Total 6200 · Club Controllable Exp. | 174,481.74 |
| 6400 · Box Office Controllable Exp. | |
| 6401 · Payroll | 17,199.98 |
| 6402 · Payroll tax expense | 4,756.05 |
| Total 6400 · Box Office Controllable Exp. | 21,956.03 |
| 6660 · Security | |
| 6661 · Payroll | 156,088.45 |
| 6662 · Payroll taxes | 50,092.06 |
| 6663 · Outside security | 128,169.79 |
| 6664 · Security credits-spl events | -1,308.50 |
| 6660 · Security - Other | 1,891.08 |
| Total 6660 · Security | 334,932.88 |
| 6670 · Administration | |
| 6671 · Payroll | 144,642.18 |
| 6672 · Payroll taxes | 61,058.72 |
| Total 6670 · Administration | 205,700.90 |
| 6680 · Maintenance | |
| 6681 · Payroll | 37,625.34 |
| 6682 · Payroll tax expense | 9,528.34 |
| Total 6680 · Maintenance | 47,153.68 |
| 6690 · Management | |
| 6691 · Payroll | 259,290.38 |
| 6692 · Payroll taxes | 121,599.64 |
| Total 6690 · Management | 380,890.02 |

10:59 AM

09/11/13

Accrual Basis

KEY CLUB
Profit & Loss
January through December 2008

| | Jan - Dec 08 |
|--|----------------------|
| 6700 · Direct Operating Expenses | |
| 6712 · Fedex/ups/messenger | 3,339.55 |
| 6713 · Decorations | 11,779.16 |
| 6714 · Laundry & uniforms | 14,762.21 |
| 6715 · Dues & subscriptions | 17,543.89 |
| 6719 · Kitchen/Restaurant supplies | 231.49 |
| 6720 · Bar supplies | 31,514.82 |
| 6721 · China, glass and silver | 4,485.44 |
| 6725 · Equipment rentals | -601.29 |
| 6726 · Equipment lease | 28,133.10 |
| 6727 · Cash short or (over) | -1,191.14 |
| 6728 · Outside services | 57,212.64 |
| 6731 · Repairs & maintenance | 170,080.71 |
| 6737 · ADP charges | 12,241.30 |
| Total 6700 · Direct Operating Expenses | 349,531.88 |
| 6800 · Advertising & Promotions | |
| 6801 · Advertising | 148,653.41 |
| 6803 · Promotions-in house | 19,741.50 |
| 6805 · Comps total expenses | 53,935.13 |
| 6807 · Comps-sales tax | 5,400.53 |
| 6808 · Comps tips | 33,099.24 |
| Total 6800 · Advertising & Promotions | 260,829.81 |
| 6900 · General & Administrative | |
| 6901 · Bank charges/credit card fees | 111,968.13 |
| 6904 · Office Supplies | 32,229.58 |
| 6905 · Travel & entertainment | 14,093.51 |
| 6908 · Postage | 4,346.70 |
| 6912 · Interests | 67,848.99 |
| 6913 · Utilities | 87,912.62 |
| 6914 · Telephone | 28,967.58 |
| 6915 · Computer expenses | 1,659.21 |
| 6918 · Charitable contributions | 1,670.50 |
| 6919 · Taxes & Licenses | 40,255.26 |
| 6921 · Penalties & late fees | 2,755.86 |
| 6954 · Incentive/Bonus | 9,550.00 |
| Total 6900 · General & Administrative | 403,257.94 |
| 7000 · Non controllable costs | |
| 7001 · Insurance | 250,275.17 |
| 7003 · Professional fees | 7,772.38 |
| 7004 · Property taxes | 697.21 |
| 7005 · Rent | 739,774.69 |
| 7006 · Parking | 113,992.89 |
| 7007 · Parking income-special events | -2,026.00 |
| 7009 · Parking income-sub lease | -83,360.00 |
| 7010 · Reimbursement | 67,500.00 |
| 7011 · Storage & Moving Costs | 6,035.00 |
| 7099 · Deferred Charge Write off | 5,736.94 |
| Total 7000 · Non controllable costs | 1,106,398.28 |
| Total Expense | 3,518,004.58 |
| Net Ordinary Income | -1,340,897.83 |
| Other Income/Expense | |
| Other Income | |
| 7071 · Othr Income | 1,601,359.76 |
| 7072 · Consulting Fee | 101,190.00 |
| Total Other Income | 1,702,549.76 |
| Net Other Income | 1,702,549.76 |
| Net Income | 361,651.93 |

Exhibit 32

SC Club (a/k/a Key Club) Profit & Loss Statement for 2009

10:59 AM

09/11/13

Accrual Basis

KEY CLUB
Profit & Loss
January through December 2009

| | Jan - Dec 09 |
|---|--------------|
| Ordinary Income/Expense | |
| Income | |
| 4000 · Sales | |
| 4100 · Restaurant sales | |
| 4101 · Food | 188,141.27 |
| 4103 · Liquor | 1,176,143.95 |
| 4104 · Beer | 458,112.96 |
| 4105 · Wine | 31,839.49 |
| 4106 · Two drink min. | 104,855.00 |
| Total 4100 · Restaurant sales | 1,959,092.67 |
| 4400 · Tickets and box office sales | |
| 4401 · Show tickets | 816,787.73 |
| 4402 · Show Tickets-Band Presale | 206,662.50 |
| 4404 · Promoter tickets | 76,751.82 |
| 4405 · Credit card surcharges | 118,668.94 |
| Total 4400 · Tickets and box office sales | 1,218,870.99 |
| 4500 · Special events sales | |
| 4501 · Allocated to food | -5,293.88 |
| 4502 · Allocated to beverage | 136.01 |
| 4503 · Allocated to liquor | 453.02 |
| 4504 · Allocated to beer | -457.55 |
| 4505 · Allocated to wine | -870.06 |
| 4506 · Allocated to room rental | 18,296.50 |
| 4507 · Allocated to production | -21,400.00 |
| 4510 · Allocated to service charges | -3,919.46 |
| 4512 · Allocated to parking | -720.00 |
| 4513 · Allocated to security | 300.00 |
| 4515 · Allocated to meet guarantee | -24,599.89 |
| 4500 · Special events sales - Other | 182,585.23 |
| Total 4500 · Special events sales | 144,509.92 |
| 4600 · Retail merchandise sales | 315.00 |
| Total 4000 · Sales | 3,322,788.58 |
| 4615 · Refunds | -175.08 |
| 4700 · Comps. | |
| 4701 · Allocated to food | 6,336.75 |
| 4703 · Allocated to liquor | 63,390.61 |
| 4704 · Allocated to beer | 10,533.50 |
| 4705 · Allocated to wine | 8,853.51 |
| 4700 · Comps. - Other | -123,475.52 |
| Total 4700 · Comps. | -34,361.15 |
| 4999 · Other Income | |
| 4900 · Misc. Income | |
| 4916 · Cotton Candy | 75.00 |
| 4901 · Coat check | 702.00 |
| 4902 · Spcl Evnt/Rm Rental/Add Min | 30,297.33 |
| 4903 · Atm phone commsions | 1,517.00 |
| 4905 · Advertising billboards | 1,123.00 |
| 4907 · Videotape sales | 3,210.00 |
| 4910 · Band Merchandise | 789.00 |
| 4915 · Photo booth | 3,210.00 |
| Total 4900 · Misc. Income | 40,923.33 |
| Total 4999 · Other Income | 40,923.33 |
| Total Income | 3,329,175.68 |

10:59 AM

09/11/13

Accrual Basis

KEY CLUB
Profit & Loss
January through December 2009

| | Jan - Dec 09 |
|--|---------------------|
| Cost of Goods Sold | |
| 5000 · Cost of Goods Sold | |
| 5100 · Restaurant | |
| 5101 · Food costs | 65,765.75 |
| 5103 · Liquor costs | 207,365.04 |
| 5104 · Beer costs | 98,328.42 |
| 5105 · Wine costs | 2,578.44 |
| Total 5100 · Restaurant | 374,037.65 |
| 5400 · Production | |
| 5401 · Bands, & other production costs | 1,007,072.52 |
| 5405 · Promoters | 26,235.41 |
| 5451 · Production payroll | 191,181.89 |
| 5452 · Production payroll taxes | 36,159.23 |
| 5455 · Production credits-spl events | -41,002.00 |
| 5400 · Production - Other | 174,151.93 |
| Total 5400 · Production | 1,393,798.98 |
| Total 5000 · Cost of Goods Sold | 1,767,836.63 |
| Total COGS | 1,767,836.63 |
| Gross Profit | 1,561,339.05 |
| Expense | |
| 66900 · Reconciliation Discrepancies | 209.09 |
| 6000 · Payroll Taxes | 54,189.43 |
| 6100 · Kithen & restaurant | |
| 6101 · Payroll | 91,538.54 |
| 6102 · Payroll tax expense | 23,663.68 |
| Total 6100 · Kithen & restaurant | 115,202.22 |
| 6200 · Club Controllable Exp. | |
| 6201 · Payroll | 135,399.61 |
| 6202 · Payroll tax expense | 51,206.01 |
| 6255 · Special events-credits club | -4,713.79 |
| Total 6200 · Club Controllable Exp. | 181,891.83 |
| 6400 · Box Office Controllable Exp. | |
| 6401 · Payroll | 16,047.05 |
| 6402 · Payroll tax expense | 2,491.29 |
| Total 6400 · Box Office Controllable Exp. | 18,538.34 |
| 6660 · Security | |
| 6661 · Payroll | 161,533.47 |
| 6662 · Payroll taxes | 26,922.61 |
| 6663 · Outside security | 57,934.63 |
| 6664 · Security credits-spl events | 500.00 |
| Total 6660 · Security | 246,890.71 |
| 6670 · Administration | |
| 6671 · Payroll | 137,850.58 |
| 6672 · Payroll taxes | 25,781.78 |
| Total 6670 · Administration | 163,632.36 |
| 6680 · Maintenance | |
| 6681 · Payroll | 40,748.67 |
| 6682 · Payroll tax expense | 6,258.38 |
| 6680 · Maintenance - Other | 10,232.00 |
| Total 6680 · Maintenance | 57,239.05 |
| 6690 · Management | |
| 6691 · Payroll | 171,330.27 |
| 6692 · Payroll taxes | 43,868.42 |
| Total 6690 · Management | 215,198.69 |

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09/11/13

Accrual Basis

KEY CLUB
Profit & Loss
January through December 2009

| | Jan - Dec 09 |
|--|---------------------|
| 6700 · Direct Operating Expenses | |
| 6712 · Fedex/ups/messenger | 553.98 |
| 6713 · Decorations | 258.31 |
| 6714 · Laundry & uniforms | 5,803.30 |
| 6715 · Dues & subscriptions | 30,575.03 |
| 6719 · Kitchen/Restaurant supplies | 3,680.78 |
| 6720 · Bar supplies | 15,362.47 |
| 6721 · China, glass and silver | 6,022.75 |
| 6725 · Equipment rentals | -100.85 |
| 6726 · Equipment lease | 23,241.49 |
| 6727 · Cash short or (over) | 1,766.52 |
| 6728 · Outside services | 49,897.20 |
| 6731 · Repairs & maintenance | 73,064.65 |
| 6737 · ADP charges | 8,031.72 |
| 6700 · Direct Operating Expenses - Other | 6,297.51 |
| Total 6700 · Direct Operating Expenses | 224,454.86 |
| 6800 · Advertising & Promotions | |
| 6801 · Advertising | 62,972.36 |
| 6803 · Promotions-in house | 9,251.78 |
| 6805 · Comps total expenses | 20,786.04 |
| 6806 · Customer claims | 36.00 |
| 6807 · Comps-sales tax | 1,696.17 |
| 6808 · Comps tips | 7,335.24 |
| 6800 · Advertising & Promotions - Other | 1,778.00 |
| Total 6800 · Advertising & Promotions | 103,855.59 |
| 6900 · General & Administrative | |
| 6901 · Bank charges/credit card fees | 40,034.73 |
| 6902 · Bad debt | 115.68 |
| 6904 · Office Supplies | 12,611.25 |
| 6905 · Travel & entertainment | 5,888.77 |
| 6908 · Postage | 1,117.79 |
| 6912 · Interests | 2,336.90 |
| 6913 · Utilities | 65,958.05 |
| 6914 · Telephone | 21,501.04 |
| 6915 · Computer expenses | 2,408.43 |
| 6918 · Charitable contributions | 456.25 |
| 6919 · Taxes & Licenses | 39,611.56 |
| 6921 · Penalties & late fees | 17,873.92 |
| 6954 · Incentive/Bonus | 7,830.50 |
| Total 6900 · General & Administrative | 217,744.87 |
| 6999 · Uncategorized expenses | 2,000.00 |
| 7000 · Non controllable costs | |
| 7001 · Insurance | 153,563.19 |
| 7003 · Professional fees | 42.00 |
| 7004 · Property taxes | 877.89 |
| 7005 · Rent | 145,147.00 |
| 7006 · Parking | 101,902.00 |
| 7007 · Parking income-special events | 233.00 |
| 7009 · Parking income-sub lease | -78,830.00 |
| 7010 · Reimbursement | 201.00 |
| 7011 · Storage & Moving Costs | 5,601.00 |
| Total 7000 · Non controllable costs | 328,737.08 |
| 7049 · Corporate | |
| 7057 · Management fee | 531.93 |
| Total 7049 · Corporate | 531.93 |
| Total Expense | 1,930,316.05 |
| Net Ordinary Income | -368,977.00 |

10:59 AM

09/11/13

Accrual Basis

KEY CLUB
Profit & Loss
January through December 2009

| | Jan - Dec 09 |
|----------------------|--------------|
| Other Income/Expense | |
| Other Income | |
| 7071 - Othr Income | 28,899.90 |
| Total Other Income | 28,899.90 |
| Net Other Income | 28,899.90 |
| Net Income | -340,077.10 |

Exhibit 33

SC Club (a/k/a Key Club) Balance Sheet as of 12/31/05

11:18 AM

09/11/13

Accrual Basis

KEY CLUB
Balance Sheet
As of December 31, 2005

| | Dec 31, 05 |
|---|---------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 1100 - Banks | |
| 1100-10 - Cash On Hand | 7,000.00 |
| 1100-14 - SC Club LP Payroll#101455629 | 11,369.27 |
| 1100-20 - SC ENT OPS 2004 #112 339 124 | -98,816.18 |
| Total 1100 - Banks | -80,446.91 |
| Total Checking/Savings | -80,446.91 |
| Accounts Receivable | |
| 1200 - Accounts receivable | 33,532.19 |
| Total Accounts Receivable | 33,532.19 |
| Other Current Assets | |
| 1300 - Other current asset | |
| 1310 - Due from American Express | 2,537.76 |
| 1320 - Due from MC/VISA | 15,196.86 |
| 1332 - Due from Ticketmaster | 17,912.00 |
| 1333 - Due from Broadway Enter.Mrkt. | 1,217,686.96 |
| 1337 - Due from Plush Lounge, LLC | 287,465.71 |
| 1340 - Due From Morongo | 6,801.37 |
| Total 1300 - Other current asset | 1,547,600.66 |
| 1400 - Inventory | |
| 1402 - Restaurant | 6,867.21 |
| 1403 - Club | 32,749.62 |
| Total 1400 - Inventory | 39,616.83 |
| Total Other Current Assets | 1,587,217.49 |
| Total Current Assets | 1,540,302.77 |
| Fixed Assets | |
| 1808 - Building cost | 5,694,270.43 |
| 1809 - Computer software | 59,895.97 |
| 1810 - Fixtures & equipment | 213,539.31 |
| 1812 - Kitchen & restaurant wares | 27,016.01 |
| 1814 - Stage & electrical | 685,123.45 |
| 1818 - Bartops | 35,420.89 |
| 1820 - Kitchen | 184,350.20 |
| 1822 - Other equipment | 5,308.02 |
| 1831 - Leasehold improvements, retail | 188,938.71 |
| 1840 - Accum deprecitation-fixed asset | -1,998,966.00 |
| Total Fixed Assets | 5,094,896.99 |
| Other Assets | |
| 1948 - Start up costs | 1,775,673.08 |
| 1953 - Loan cost | |
| 1851 - Accumulated amortization | |
| 1852 - Startup | -1,668,957.00 |
| 1851 - Accumulated amortization - Other | -129,252.00 |
| Total 1851 - Accumulated amortization | -1,798,209.00 |
| 1953 - Loan cost - Other | 172,184.29 |
| Total 1953 - Loan cost | -1,626,024.71 |
| Total Other Assets | 149,648.37 |
| TOTAL ASSETS | 6,784,848.13 |

11:18 AM

09/11/13

Accrual Basis

KEY CLUB
Balance Sheet
As of December 31, 2005

| | Dec 31, 05 |
|---|---------------------|
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 2000 · Accounts payable | 193,508.41 |
| Total Accounts Payable | 193,508.41 |
| Other Current Liabilities | |
| 2009 · Accrued interest payable, EPD | 288,066.08 |
| 2011 · Employee Parking Cards | 886.68 |
| 2018 · Advance ticket sales | 2,695.00 |
| 2100 · Sales Tax Payable-Current | 143,503.64 |
| 2115 · Garnishment withholding payable | 229.30 |
| 2200 · Special events deposits | 21,000.00 |
| Total Other Current Liabilities | 456,380.70 |
| Total Current Liabilities | 649,889.11 |
| Long Term Liabilities | |
| 2050 · Due to EPD & Corporate Office | |
| 2051 · Loan & Funding from EPD | 13,572,726.56 |
| 2051-a · JSP Properties | 85,000.00 |
| 2051-B · MC ENTERTAINMENT | -31,000.00 |
| Total 2050 · Due to EPD & Corporate Office | 13,626,726.56 |
| 2054-1 · Note Payable, Bar-K 2000 | 18,227.31 |
| 2055 · Jeff Rapport Note Payable | 150,000.00 |
| 2056 · Note Payable, SC Shareholders | 3,960,000.00 |
| 2058 · Note Payable, BFS Broadway Fin. | 106,000.00 |
| 2060 · Note Payable I Dine | 100,000.00 |
| Total Long Term Liabilities | 17,960,953.87 |
| Total Liabilities | 18,610,842.98 |
| Equity | |
| 3300 · Limited partnership investments | 2,500,000.00 |
| 3900 · Retained earnings | -13,188,491.12 |
| Net Income | -1,137,503.73 |
| Total Equity | -11,825,994.85 |
| TOTAL LIABILITIES & EQUITY | 6,784,848.13 |

Exhibit 34

SC Club (a/k/a Key Club) Balance Sheet as of 12/31/06

11:19 AM

09/11/13

Accrual Basis

KEY CLUB
Balance Sheet
As of December 31, 2006

| | Dec 31, 06 |
|---|---------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 1100 - Banks | |
| 1100-10 - Cash On Hand | 8,500.00 |
| 1100-14 - SC Club LP Payroll#101455629 | 1,631.80 |
| 1100-20 - SC ENT OPS 2004 #112 339 124 | -129,419.89 |
| Total 1100 - Banks | -119,288.09 |
| Total Checking/Savings | -119,288.09 |
| Accounts Receivable | |
| 1200 - Accounts receivable | 42,618.89 |
| Total Accounts Receivable | 42,618.89 |
| Other Current Assets | |
| 1300 - Other current asset | |
| 1310 - Due from American Express | 2,082.74 |
| 1320 - Due from MC/VISA | 41,824.23 |
| 1332 - Due from Ticketmaster | 60,160.00 |
| 1333 - Due from Broadway Enter.Mrktm. | 1,198,842.78 |
| 1334 - Due from employees | -504.00 |
| 1337 - Due from Plush Lounge, LLC | 286,085.49 |
| 1340 - Due From Morongo | 3,049.24 |
| 1342 - Due From Brinks | 17,889.00 |
| Total 1300 - Other current asset | 1,609,429.48 |
| 1400 - Inventory | |
| 1402 - Restaurant | 6,867.21 |
| 1403 - Club | 32,749.62 |
| Total 1400 - Inventory | 39,616.83 |
| Total Other Current Assets | 1,649,046.31 |
| Total Current Assets | 1,572,377.11 |
| Fixed Assets | |
| 1808 - Building cost | 5,694,270.43 |
| 1809 - Computer software | 59,817.51 |
| 1810 - Fixtures & equipment | 213,539.31 |
| 1812 - Kitchen & restaurant wares | 27,016.01 |
| 1814 - Stage & electrical | 685,123.45 |
| 1818 - Bartops | 35,420.89 |
| 1820 - Kitchen | 184,350.20 |
| 1822 - Other equipment | 5,308.02 |
| 1831 - Leasehold improvements, retail | 188,938.71 |
| 1840 - Accum deprecitation-fixed asset | -1,998,966.00 |
| Total Fixed Assets | 5,094,818.53 |
| Other Assets | |
| 1948 - Start up costs | 1,775,673.08 |
| 1953 - Loan cost | |
| 1851 - Accumulated amortization | |
| 1852 - Startup | -1,668,957.00 |
| 1851 - Accumulated amortization - Other | -129,252.00 |
| Total 1851 - Accumulated amortization | -1,798,209.00 |
| 1953 - Loan cost - Other | 172,184.29 |
| Total 1953 - Loan cost | -1,626,024.71 |
| 1976 - Gift certificates | -100.00 |
| Total Other Assets | 149,548.37 |
| TOTAL ASSETS | 6,816,744.01 |

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Accrual Basis

KEY CLUB
Balance Sheet
As of December 31, 2006

| | Dec 31, 06 |
|---|---------------------|
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 2000 · Accounts payable | 240,732.88 |
| Total Accounts Payable | 240,732.88 |
| Other Current Liabilities | |
| 2009 · Accrued interest payable, EPD | 288,066.08 |
| 2011 · Employee Parking Cards | 781.68 |
| 2018 · Advance ticket sales | 2,007.12 |
| 2100 · Sales Tax Payable-Current | 156,437.02 |
| 2115 · Garnishment withholding payable | 229.30 |
| 2200 · Special events deposits | 14,500.00 |
| Total Other Current Liabilities | 462,021.20 |
| Total Current Liabilities | 702,754.08 |
| Long Term Liabilities | |
| 2059 · Due To Ice Specality | 14,000.00 |
| 2050 · Due to EPD & Corporate Office | |
| 2051 · Loan & Funding from EPD | 14,086,936.95 |
| 2051-a · JSP Properties | 85,000.00 |
| 2051-B · MC ENTERTAINMENT | -76,400.00 |
| Total 2050 · Due to EPD & Corporate Office | 14,095,536.95 |
| 2054-1 · Note Payable, Bar-K 2000 | 14,390.32 |
| 2055 · Jeff Rapport Note Payable | 150,000.00 |
| 2056 · Note Payable, SC Shareholders | 3,960,000.00 |
| 2058 · Note Payable, BFS Broadway Fin. | 106,000.00 |
| 2060 · Note Payable I Dine | 100,000.00 |
| 2061 · Advance Me Inc | 80,240.00 |
| 2062 · Network Rewards | 38,468.89 |
| Total Long Term Liabilities | 18,558,636.16 |
| Total Liabilities | 19,261,390.24 |
| Equity | |
| 3300 · Limited partnership investments | 2,500,000.00 |
| 3900 · Retained earnings | -14,325,994.85 |
| Net Income | -618,651.38 |
| Total Equity | -12,444,646.23 |
| TOTAL LIABILITIES & EQUITY | 6,816,744.01 |

Exhibit 35

SC Club (a/k/a Key Club) Balance Sheet as of 12/31/07

11:19 AM

09/11/13

Accrual Basis

KEY CLUB
Balance Sheet
As of December 31, 2007

| | Dec 31, 07 |
|---|---------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 1100 - Banks | |
| 1100-10 - Cash On Hand | 8,000.00 |
| 1100-14 - SC Club LP Payroll#101455629 | 1,413.19 |
| 1100-20 - SC ENT OPS 2004 #112 339 124 | -151,939.56 |
| Total 1100 - Banks | -142,526.37 |
| Total Checking/Savings | -142,526.37 |
| Accounts Receivable | |
| 1200 - Accounts receivable | 84,236.52 |
| Total Accounts Receivable | 84,236.52 |
| Other Current Assets | |
| 1300 - Other current asset | |
| 1310 - Due from American Express | 1,945.59 |
| 1311 - Due from Discover | 161.07 |
| 1320 - Due from MC/VISA | 28,855.89 |
| 1332 - Due from Ticketmaster | 25,672.00 |
| 1333 - Due from Broadway Enter.Mrkt. | 1,168,342.78 |
| 1337 - Due from Plush Lounge, LLC | 286,716.24 |
| 1340 - Due From Morongo | 2,729.25 |
| 1342 - Due From Brinks | 33,337.00 |
| Total 1300 - Other current asset | 1,547,759.82 |
| 1400 - Inventory | |
| 1402 - Restaurant | 6,867.21 |
| 1403 - Club | 32,749.62 |
| Total 1400 - Inventory | 39,616.83 |
| Total Other Current Assets | 1,587,376.65 |
| Total Current Assets | 1,529,086.80 |
| Fixed Assets | |
| 1808 - Building cost | 5,694,270.43 |
| 1809 - Computer software | 63,111.51 |
| 1810 - Fixtures & equipment | 213,539.31 |
| 1812 - Kitchen & restaurant wares | 27,016.01 |
| 1814 - Stage & electrical | 345,123.45 |
| 1818 - Bartops | 35,420.89 |
| 1820 - Kitchen | 184,350.20 |
| 1822 - Other equipment | 5,308.02 |
| 1831 - Leasehold improvements, retail | 188,938.71 |
| 1840 - Accum depreciation-fixed asset | -1,998,966.00 |
| Total Fixed Assets | 4,758,112.53 |
| Other Assets | |
| 1948 - Start up costs | 1,775,673.08 |
| 1953 - Loan cost | |
| 1851 - Accumulated amortization | |
| 1852 - Startup | -1,668,957.00 |
| 1851 - Accumulated amortization - Other | -129,252.00 |
| Total 1851 - Accumulated amortization | -1,798,209.00 |
| 1953 - Loan cost - Other | 172,184.29 |
| Total 1953 - Loan cost | -1,626,024.71 |
| 1976 - Gift certificates | -130.00 |
| Total Other Assets | 149,518.37 |
| TOTAL ASSETS | 6,436,717.70 |

11:19 AM

09/11/13

Accrual Basis

KEY CLUB
Balance Sheet
As of December 31, 2007

| | Dec 31, 07 |
|---|---------------------|
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 2000 · Accounts payable | 108,155.56 |
| Total Accounts Payable | 108,155.56 |
| Other Current Liabilities | |
| 2205 · Abody Interest | 75,997.28 |
| 2019 · Advance Facility Fee | 213.00 |
| 2009 · Accrued interest payable, EPD | 288,066.08 |
| 2011 · Employee Parking Cards | 1,026.68 |
| 2018 · Advance ticket sales | 2,724.12 |
| 2100 · Sales Tax Payable-Current | 172,997.28 |
| 2115 · Garnishment withholding payable | 168.82 |
| 2200 · Special events deposits | 19,500.00 |
| Total Other Current Liabilities | 560,693.26 |
| Total Current Liabilities | 668,848.82 |
| Long Term Liabilities | |
| 2059 · Due To Ice Speciality | 14,000.00 |
| 2050 · Due to EPD & Corporate Office | |
| 2051-D · A ABODY | -693,597.28 |
| 2051 · Loan & Funding from EPD | 13,728,339.43 |
| 2051-a · JSP Properties | 85,000.00 |
| 2051-B · MC ENTERTAINMENT | 12,600.00 |
| Total 2050 · Due to EPD & Corporate Office | 13,132,342.15 |
| 2054-1 · Note Payable, Bar-K 2000 | 8,944.42 |
| 2055 · Jeff Rapport Note Payable | 150,000.00 |
| 2056 · Note Payable, SC Shareholders | 3,960,000.00 |
| 2058 · Note Payable, BFS Broadway Fin. | 106,000.00 |
| 2060 · Note Payable I Dine | 100,000.00 |
| Total Long Term Liabilities | 17,471,286.57 |
| Total Liabilities | 18,140,135.39 |
| Equity | |
| 3300 · Limited partnership investments | 2,500,000.00 |
| 3900 · Retained earnings | -14,944,646.23 |
| Net Income | 741,228.54 |
| Total Equity | -11,703,417.69 |
| TOTAL LIABILITIES & EQUITY | 6,436,717.70 |

Exhibit 36

SC Club (a/k/a Key Club) Balance Sheet as of 12/31/08

11:19 AM

09/11/13

Accrual Basis

KEY CLUB
Balance Sheet
As of December 31, 2008

| | Dec 31, 08 |
|---|---------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 1100 - Banks | |
| 1100-10 - Cash On Hand | 8,500.00 |
| 1100-14 - SC Club LP Payroll#101455629 | 2,321.82 |
| 1100-20 - SC ENT OPS 2004 #112 339 124 | -128,920.36 |
| Total 1100 - Banks | -118,098.54 |
| Total Checking/Savings | -118,098.54 |
| Accounts Receivable | |
| 1200 - Accounts receivable | 84,741.46 |
| Total Accounts Receivable | 84,741.46 |
| Other Current Assets | |
| 1300 - Other current asset | |
| 1310 - Due from American Express | 895.38 |
| 1320 - Due from MC/VISA | 19,591.38 |
| 1332 - Due from Ticketmaster | 4,578.00 |
| 1333 - Due from Broadway Enter.Mrktm. | 1,118,342.78 |
| 1337 - Due from Plush Lounge, LLC | 286,716.24 |
| 1340 - Due From Morongo | 2,729.25 |
| 1342 - Due From Brinks | 13,376.00 |
| Total 1300 - Other current asset | 1,446,229.03 |
| 1400 - Inventory | |
| 1402 - Restaurant | 6,867.21 |
| 1403 - Club | 32,749.62 |
| Total 1400 - Inventory | 39,616.83 |
| Total Other Current Assets | 1,485,845.86 |
| Total Current Assets | 1,452,488.78 |
| Fixed Assets | |
| 1808 - Building cost | 5,694,270.43 |
| 1809 - Computer software | 63,111.51 |
| 1810 - Fixtures & equipment | 213,539.31 |
| 1812 - Kitchen & restaurant wares | 27,016.01 |
| 1814 - Stage & electrical | 345,123.45 |
| 1818 - Bartops | 35,420.89 |
| 1820 - Kitchen | 184,350.20 |
| 1822 - Other equipment | 5,308.02 |
| 1831 - Leasehold improvements, retail | 188,938.71 |
| 1840 - Accum depreciation-fixed asset | -1,998,966.00 |
| Total Fixed Assets | 4,758,112.53 |
| Other Assets | |
| 1948 - Start up costs | 1,775,673.08 |
| 1953 - Loan cost | |
| 1851 - Accumulated amortization | |
| 1852 - Startup | -1,668,957.00 |
| 1851 - Accumulated amortization - Other | -129,252.00 |
| Total 1851 - Accumulated amortization | -1,798,209.00 |
| 1953 - Loan cost - Other | 172,184.29 |
| Total 1953 - Loan cost | -1,626,024.71 |
| 1976 - Gift certificates | -130.00 |
| Total Other Assets | 149,518.37 |
| TOTAL ASSETS | 6,360,119.68 |

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09/11/13

Accrual Basis

KEY CLUB
Balance Sheet
As of December 31, 2008

| | Dec 31, 08 |
|---|---------------------|
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 2000 · Accounts payable | 362,804.65 |
| Total Accounts Payable | 362,804.65 |
| Other Current Liabilities | |
| 2205 · Abody Interest | 75,997.28 |
| 2019 · Advance Facility Fee | 795.00 |
| 2009 · Accrued interest payable, EPD | 288,066.08 |
| 2011 · Employee Parking Cards | 1,446.68 |
| 2016 · State taxes w/h, entertainers | 9,048.25 |
| 2018 · Advance ticket sales | 4,959.00 |
| 2100 · Sales Tax Payable-Current | 172,707.59 |
| 2115 · Garnishment withholding payable | 140.00 |
| 2200 · Special events deposits | 16,000.00 |
| Total Other Current Liabilities | 569,159.88 |
| Total Current Liabilities | 931,964.53 |
| Long Term Liabilities | |
| 2064 · GREYSTONE #2 | 128,081.89 |
| 2059 · Due To Ice Specality | -1,200.00 |
| 2050 · Due to EPD & Corporate Office | |
| 2051 · Loan & Funding from EPD | 12,229,118.13 |
| 2051-a · JSP Properties | 85,000.00 |
| 2051-B · MC ENTERTAINMENT | 8,100.00 |
| Total 2050 · Due to EPD & Corporate Office | 12,322,218.13 |
| 2054-1 · Note Payable, Bar-K 2000 | 4,820.89 |
| 2055 · Jeff Rapport Note Payable | 150,000.00 |
| 2056 · Note Payable, SC Shareholders | 3,960,000.00 |
| 2058 · Note Payable, BFS Broadway Fin. | 106,000.00 |
| 2060 · Note Payable I Dine | 100,000.00 |
| Total Long Term Liabilities | 16,769,920.91 |
| Total Liabilities | 17,701,885.44 |
| Equity | |
| 3300 · Limited partnership investments | 2,500,000.00 |
| 3900 · Retained earnings | -14,203,417.69 |
| Net Income | 361,651.93 |
| Total Equity | -11,341,765.76 |
| TOTAL LIABILITIES & EQUITY | 6,360,119.68 |

Exhibit 37

SC Club (a/k/a Key Club) Balance Sheet as of 12/31/09

11:20 AM

09/11/13

Accrual Basis

KEY CLUB
Balance Sheet
As of December 31, 2009

| | Dec 31, 09 |
|--|---------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| ADP P/R Clearing | 336.90 |
| 1100 - Banks | |
| 1100-14 - SC Club LP Payroll#101455629 | -3,000.91 |
| 1100-20 - SC ENT OPS 2004 #112 339 124 | -2,818.80 |
| Total 1100 - Banks | -5,819.71 |
| Total Checking/Savings | -5,482.81 |
| Accounts Receivable | |
| 1200 - Accounts receivable | 80,202.39 |
| Total Accounts Receivable | 80,202.39 |
| Other Current Assets | |
| 1300 - Other current asset | |
| 1357 - Due from Goldstar | -572.23 |
| 1356 - Due from Ticketweb | 1,754.11 |
| 1310 - Due from American Express | -26,551.84 |
| 1311 - Due from Discover | -649.60 |
| 1320 - Due from MC/VISA | 260,369.60 |
| 1332 - Due from Ticketmaster | 14,954.74 |
| 1333 - Due from Broadway Enter.Mrktn. | 1,082,342.78 |
| 1334 - Due from employees | 150.54 |
| 1337 - Due from Plush Lounge, LLC | 293,386.41 |
| 1340 - Due From Morongo | 2,729.25 |
| 9999 - Suspense Account | -37,062.62 |
| 1300 - Other current asset - Other | 2,115.01 |
| Total 1300 - Other current asset | 1,592,966.15 |
| 1400 - Inventory | |
| 1402 - Restaurant | 6,867.21 |
| 1403 - Club | 32,749.62 |
| Total 1400 - Inventory | 39,616.83 |
| Total Other Current Assets | 1,632,582.98 |
| Total Current Assets | 1,707,302.56 |
| Fixed Assets | |
| 1808 - Building cost | 5,694,270.43 |
| 1809 - Computer software | 63,111.51 |
| 1810 - Fixtures & equipment | 213,539.31 |
| 1812 - Kitchen & restaurant wares | 27,016.01 |
| 1814 - Stage & electrical | 345,123.45 |
| 1818 - Bartops | 35,420.89 |
| 1820 - Kitchen | 184,350.20 |
| 1822 - Other equipment | 5,308.02 |
| 1831 - Leasehold improvements, retail | 188,938.71 |
| 1840 - Accum deprecitation-fixed asset | -1,998,966.00 |
| Total Fixed Assets | 4,758,112.53 |
| Other Assets | |
| 1948 - Start up costs | 1,775,673.08 |
| 1953 - Loan cost | |
| 1851 - Accumulated amortization | |
| 1852 - Startup | -1,668,957.00 |
| 1851 - Accumulated amortization - Other | -129,252.00 |
| Total 1851 - Accumulated amortization | -1,798,209.00 |
| 1953 - Loan cost - Other | 172,184.29 |
| Total 1953 - Loan cost | -1,626,024.71 |

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Accrual Basis

KEY CLUB
Balance Sheet
As of December 31, 2009

| | Dec 31, 09 |
|--|---------------------|
| 1975 · Deposits | -225.00 |
| 1976 · Gift certificates | -130.00 |
| Total Other Assets | 149,293.37 |
| TOTAL ASSETS | 6,614,708.46 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 2000 · Accounts payable | 673,955.62 |
| Total Accounts Payable | 673,955.62 |
| Other Current Liabilities | |
| 2118 · FTB Artist Withholding | 297.50 |
| 2205 · Abody Interest | 75,997.28 |
| 2019 · Advance Facility Fee | 1,334.00 |
| 2009 · Accrued interest payable, EPD | 288,066.08 |
| 2011 · Employee Parking Cards | 1,456.68 |
| 2016 · State taxes w/h, entertainers | 950.25 |
| 2018 · Advance ticket sales | 5,723.50 |
| 2100 · Sales Tax Payable-Current | 204,923.93 |
| 2103 · Payroll Liabilities | 45,587.36 |
| 2115 · Garnishment withholding payable | 335.78 |
| 2117 · Accrued payroll & taxes | 27,734.31 |
| 2200 · Special events deposits | 10,892.54 |
| Total Other Current Liabilities | 663,299.21 |
| Total Current Liabilities | 1,337,254.83 |
| Long Term Liabilities | |
| 2065 · Greystone #3 | 200,000.00 |
| 2064 · GREYSTONE #2 | 41,068.84 |
| 2063 · Greystone | -48,776.46 |
| 2059 · Due To Ice Speciality | -5,046.46 |
| 2050 · Due to EPD & Corporate Office | |
| 2051 · Loan & Funding from EPD | 12,205,393.32 |
| 2051-a · JSP Properties | 85,000.00 |
| 2051-B · MC ENTERTAINMENT | -900.00 |
| 2052 · Expenses and Withdrawals | |
| INVOICES PAID BY CC | 166,236.36 |
| Total 2052 · Expenses and Withdrawals | 166,236.36 |
| Total 2050 · Due to EPD & Corporate Office | 12,455,729.68 |
| 2054-1 · Note Payable, Bar-K 2000 | 320.89 |
| 2055 · Jeff Rapport Note Payable | 150,000.00 |
| 2056 · Note Payable, SC Shareholders | 3,960,000.00 |
| 2058 · Note Payable, BFS Broadway Fin. | 106,000.00 |
| 2060 · Note Payable I Dine | 100,000.00 |
| Total Long Term Liabilities | 16,959,296.49 |
| Total Liabilities | 18,296,551.32 |
| Equity | |
| 3300 · Limited partnership investments | 2,500,000.00 |
| 3900 · Retained earnings | -13,841,765.76 |
| Net Income | -340,077.10 |
| Total Equity | -11,681,842.86 |
| TOTAL LIABILITIES & EQUITY | 6,614,708.46 |

Exhibit 38

SC Club Income Tax Return for 2007

| Form 1065 | | U.S. Return of Partnership Income | | OMB No. 1545-0099 | |
|--|--|---|----------------|---|------------|
| Department of the Treasury Internal Revenue Service | | For calendar year 2007, or tax year beginning _____, 2007, ending _____, 20____. ▶ See separate instructions. | | 2007 | |
| A Principal business activity | Use the IRS label. Otherwise, print or type. | Name of partnership | | D Employer identification number | |
| SERVICE | | S. C. CLUB, L. P. | | [REDACTED] | |
| B Principal product or service | | Number, street, and room or suite number. If a P.O. box, see the instructions. | | E Date business started | |
| ENTERTAINMENT | | 520 BROADWAY, SUITE 660 | | 01/01/96 | |
| C Business code number | | City or town | State ZIP code | F Total assets (see instrs) | |
| 722410 | | SANTA MONICA | CA 90401 | \$ 6,416,782. | |
| G Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input checked="" type="checkbox"/> Amended return | | | | | |
| H Check accounting method: (1) <input type="checkbox"/> Cash (2) <input checked="" type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) _____ ▶ | | | | | |
| I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year _____ ▶ 2 | | | | | |
| J Check if Schedule M-3 attached _____ <input type="checkbox"/> | | | | | |
| Caution. Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information. | | | | | |
| INCOME | 1a Gross receipts or sales | 1a | 6,717,954. | | |
| | b Less returns and allowances | 1b | 0. | 1c | 6,717,954. |
| | 2 Cost of goods sold (Schedule A, line 8) | 2 | | | 2,347,903. |
| | 3 Gross profit. Subtract line 2 from line 1c | 3 | | | 4,370,051. |
| | 4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement) | 4 | | | |
| | 5 Net farm profit (loss) (attach Schedule F (Form 1040)) | 5 | | | |
| | 6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) | 6 | | | 0. |
| | 7 Other income (loss) (attach statement) | 7 | | | |
| 8 Total income (loss). Combine lines 3 through 7 | 8 | | | | 4,370,051. |
| SEE INSTRUCTIONS FOR DEDUCTIONS | 9 Salaries and wages (other than to partners) (less employment credits) | 9 | | | 944,190. |
| | 10 Guaranteed payments to partners | 10 | | | |
| | 11 Repairs and maintenance | 11 | | | 208,145. |
| | 12 Bad debts | 12 | | | |
| | 13 Rent | 13 | | | 673,080. |
| | 14 Taxes and licenses | 14 | | | 437,740. |
| | 15 Interest | 15 | | | 0. |
| | 16a Depreciation (if required, attach Form 4562) | 16a | 179,676. | | |
| | b Less depreciation reported on Schedule A and elsewhere on return | 16b | | 16c | 179,676. |
| | 17 Depletion (Do not deduct oil and gas depletion.) | 17 | | | |
| | 18 Retirement plans, etc | 18 | | | |
| | 19 Employee benefit programs | 19 | | | |
| | 20 Other deductions (attach statement) | 20 | | | 1,368,991. |
| | 21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20 | 21 | | | |
| 22 Ordinary business income (loss). Subtract line 21 from line 8 | 22 | | | | 558,229. |
| Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge. Signature of general partner or limited liability company member manager _____ Date <u>1/03/09</u> May the IRS discuss this return with the preparer shown below (see instrs)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | | | |
| Paid Preparer's Use Only Preparer's signature _____ Date <u>01/05/09</u> Check if self-employed <input checked="" type="checkbox"/> Preparer's SSN or PTIN [REDACTED] Firm's name (or yours if self-employed), address, and ZIP code <u>THEODORE P. JONAVIC, CPA</u> <u>5724 SHIRE COURT</u> <u>RANCHO CUCAMONGA</u> <u>CA 91701</u> EIN _____ Phone no. <u>(909) 989-7426</u> | | | | | |
| BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. PTPA0112 12/27/07 Form 1065 (2007) | | | | | |

| | |
|-------------------|--|
| Schedule A | Cost of Goods Sold (see the instructions) |
|-------------------|--|

Schedule A Cost of Goods Sold (see the instructions) Page 2

| | | | |
|----|--|---|------------|
| 1 | Inventory at beginning of year | 1 | 39,617. |
| 2 | Purchases less cost of items withdrawn for personal use | 2 | 2,347,903. |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach statement) | 4 | |
| 5 | Other costs (attach statement) | 5 | |
| 6 | Total. Add lines 1 through 5 | 6 | 2,387,520. |
| 7 | Inventory at end of year | 7 | 39,617. |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 | 8 | 2,347,903. |
| 9a | Check all methods used for valuing closing inventory: | | |

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☒ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation)

b Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c) ☐

c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☒ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No
If 'Yes', attach explanation ☐ Yes ☒ No

| | |
|-------------------|--------------------------|
| Schedule B | Other Information |
|-------------------|--------------------------|

1 What type of entity is filing this return? Check the applicable box:

a ☐ Domestic general partnership

c Domestic limited liability company

e ☐ Foreign partnership

b ☒ Domestic limited partnership

d ☐ Domestic limited liability partnership

f ☐ Other ▶

2 Are any partners in this partnership also partnerships?

3 During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' see instructions for required attachment

| | | |
|---|--|---|
| 4 | Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details | X |
| 5 | Does this partnership meet all three of the following requirements? | X |

5 Does this partnership meet all three of the following requirements? See Form 8893 for more details ☒ X

a The partnership's total receipts for the tax year were less than \$250,000;

b The partnership's total assets at the end of the tax year were less than \$600,000; and

c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.

If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.

6 Does this partnership have any foreign partners? If 'Yes,' the partnership may have to file Forms 8804, 8805 and 8813.
See the instructions

7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?
8 Has this partnership been a publicly traded partnership at any time during the current or prior taxable years?

8 Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?

9 At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country. ▶

During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust?
If 'Yes,' the partnership may have to file Form 3520. See the instructions.

| | |
|---|---|
| Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If 'Yes,' you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under <i>Elections Made By the Partnership</i> in the instructions | X |
|---|---|

Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return X

Designation of Tax Matters Partner (see the instructions)
Enter below the general partner designated as the tax matters partner.

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶ S. C. CLUB, INC.

Identifying
number of TMP

Address of designated TMP ▶ 520 BROADWAY, SUITE 660
SANTA MONICA, CA 90401

Form 1065 (2007) S. C. CLUB, L. P.

Schedule K Partners' Distributive Share Items

Page 3

| | | Total amount |
|---|---|----------------|
| Income (Loss) | 1 Ordinary business income (loss) (page 1, line 22) | 1 558,229. |
| | 2 Net rental real estate income (loss) (attach Form 8825) | 2 |
| | 3a Other gross rental income (loss) | 3a |
| | b Expenses from other rental activities (attach stmt) | 3b |
| | c Other net rental income (loss). Subtract line 3b from line 3a | 3c |
| | 4 Guaranteed payments | 4 |
| | 5 Interest income | 5 |
| | 6 Dividends: a Ordinary dividends | 6a |
| | b Qualified dividends | 6b |
| | 7 Royalties | 7 |
| | 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) | 8 |
| Deductions | 9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) | 9a |
| | b Collectibles (28%) gain (loss) | 9b |
| | c Unrecaptured section 1250 gain (attach statement) | 9c |
| | 10 Net section 1231 gain (loss) (attach Form 4797) | 10 |
| Self-Employment | 11 Other income (loss) (see instructions) Type ▶ | 11 -7,034. |
| | 12 Section 179 deduction (attach Form 4562) | 12 |
| | 13a Contributions Cash contributions (50%) | 13a 1,000. |
| | b Investment interest expense | 13b |
| Credits | c Section 59(e)(2) expenditures: (1) Type ▶ | 13c (2) |
| | d Other deductions (see instructions) Type ▶ | 13d |
| | 14a Net earnings (loss) from self-employment | 14a 0. |
| | b Gross farming or fishing income | 14b |
| | c Gross nonfarm income | 14c 4,370,051. |
| | 15a Low-income housing credit (section 42(j)(5)) | 15a |
| Foreign Transactions | b Low-income housing credit (other) | 15b |
| | c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) | 15c |
| | d Other rental real estate credits (see instructions) Type ▶ | 15d |
| | e Other rental credits (see instructions) Type ▶ | 15e |
| | f Other credits (see instructions) Type ▶ | 15f |
| | 16a Name of country or U.S. possession ▶ | 16a |
| | b Gross income from all sources | 16b |
| | c Gross income sourced at partner level | 16c |
| | d Passive category ▶ e General category ▶ f Other ▶ | 16f |
| | g Interest expense ▶ h Other ▶ | 16h |
| i Passive category ▶ j General category ▶ k Other ▶ | 16k | |
| Alternative Minimum Tax (AMT) Items | l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/> ▶ | 16l |
| | m Reduction in taxes available for credit (attach statement) | 16m |
| | n Other foreign tax information (attach statement) | 17a |
| | 17a Post-1986 depreciation adjustment | 17b 3,117. |
| | b Adjusted gain or loss | 17c -438. |
| | c Depletion (other than oil and gas) | 17d |
| Other Information | d Oil, gas, and geothermal properties — gross income | 17e |
| | e Oil, gas, and geothermal properties — deductions | 17f |
| | f Other AMT items (attach stmt) | 18a |
| | 18a Tax-exempt interest income | 18b |
| | b Other tax-exempt income | 18c 13,295. |
| | c Nondeductible expenses | 19a 0. |
| BAA | 19a Distributions of cash and marketable securities | 19b 0. |
| | b Distributions of other property | 20a 0. |
| | 20a Investment income | 20b |
| | b Investment expenses | |
| c Other items and amounts (attach stmt) | | |

Form 1065 (2007)

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Form 1065 (2007) S. C. CLUB, L. P.

Analysis of Net Income (Loss)

Page 4

| | | | | | | | |
|---|---------------|--------------------------|----------------------------|------------------|-------------------------|--------------------|----------|
| 1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16i | | | | | | 1 | 550,195. |
| 2 Analysis by partner type: | (i) Corporate | (ii) Individual (active) | (iii) Individual (passive) | (iv) Partnership | (v) Exempt organization | (vi) Nominee/Other | |
| a General partners | 110,039. | | | | | | |
| b Limited partners | | 440,156. | | | | | |

Schedule L Balance Sheets per Books

| | Beginning of tax year | | End of tax year | |
|---|-----------------------|--------------|-----------------|--------------|
| | (a) | (b) | (c) | (d) |
| Assets | | | | |
| 1 Cash | | -119,288. | | -142,664. |
| 2a Trade notes and accounts receivable | | | 84,237. | |
| b Less allowance for bad debts | | | | |
| 3 Inventories | | 39,617. | | 84,237. |
| 4 U.S. government obligations | | | | 39,617. |
| 5 Tax-exempt securities | | | | |
| 6 Other current assets (attach stmt) Ln. 6, Stmt | | 1,609,429. | | |
| 7 Mortgage and real estate loans | | | | 1,547,760. |
| 8 Other investments (attach stmt) | | | | |
| 9a Buildings and other depreciable assets | 8,142,767. | | 6,880,570. | |
| b Less accumulated depreciation | 3,075,374. | 5,067,393. | 2,047,960. | 4,832,610. |
| 10a Depletable assets | | | | |
| b Less accumulated depletion | | | | |
| 11 Land (net of any amortization) | | | | |
| 12a Intangible assets (amortizable only) | 1,947,857. | | 1,947,857. | |
| b Less accumulated amortization | 1,889,196. | 58,661. | 1,892,635. | 55,222. |
| 13 Other assets (attach stmt) | | | | |
| 14 Total assets | | 6,655,812. | | 6,416,782. |
| Liabilities and Capital | | | | |
| 15 Accounts payable | | | | 122,752. |
| 16 Mortgages, notes, bonds payable in less than 1 year | | | | |
| 17 Other current liabilities (attach stmt) Ln. 17, Stmt | | -825,177. | | 560,139. |
| 18 All nonrecourse loans | | | | |
| 19 Mortgages, notes, bonds payable in 1 year or more | | 21,060,846. | | 18,586,699. |
| 20 Other liabilities (attach stmt) | | | | |
| 21 Partners' capital accounts | | -13,579,857. | | -12,852,808. |
| 22 Total liabilities and capital | | 6,655,812. | | 6,416,782. |

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return
Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

| | | | |
|--|------------|---|-------------|
| 1 Net income (loss) per books | 727,049. | 6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize): | |
| 2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize): | | a Tax-exempt interest | \$ |
| 3 Guaranteed pmts (other than health insurance) | | 7 Deductions included on Schedule K, lines 1 through 13d, and 16i, not charged against book income this year (itemize): | |
| 4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16i (itemize): | | a Depreciation | \$ 179,676. |
| a Depreciation | \$ 0. | * STMT | 10,473. |
| b Travel and entertainment | \$ 13,295. | 8 Add lines 6 and 7 | 190,149. |
| 5 Add lines 1 through 4 | 740,344. | 9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5 | 550,195. |

Schedule M-2 Analysis of Partners' Capital Accounts

| | | | |
|--------------------------------|--------------|---|--------------|
| 1 Balance at beginning of year | -13,579,857. | 6 Distributions: | |
| 2 Capital contributed: | | a Cash | 0. |
| a Cash | 0. | b Property | 0. |
| b Property | 0. | 7 Other decreases (itemize): | |
| 3 Net income (loss) per books | 727,049. | * STMT | |
| 4 Other increases (itemize): | | 8 Add lines 6 and 7 | 0. |
| 5 Add lines 1 through 4 | -12,852,808. | 9 Balance at end of year. Subtract line 8 from line 5 | -12,852,808. |

PTPA0134 06/25/07

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Form 1065 (2007)

Form **4797**Department of the Treasury
Internal Revenue Service (99)**Sales of Business Property**
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))
▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

2007Attachment
Sequence No. **27**

Name(s) shown on return

S. C. CLUB, L. P.

Identifying number

1 Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) 1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft — Most Property Held More Than 1 Year (see instructions)

| 2 | (a) Description of property | (b) Date acquired (month, day, year) | (c) Date sold (month, day, year) | (d) Gross sales price | (e) Depreciation allowed or allowable since acquisition | (f) Cost or other basis, plus improvements and expense of sale | (g) Gain or (loss) Subtract (f) from the sum of (d) and (e) |
|---|--|--------------------------------------|----------------------------------|-----------------------|---|--|---|
| | COMPUTER SOFTWARE - PLUSH LOUNGE, LLC | 01/01/04 | 01/01/07 | 0 | 6305 | 7126 | -821 |
| | FIXTURES AND EQUIPMENT - PLUSH LOUNGE, LLC | 01/01/04 | 01/01/07 | 0 | 26941 | 33154 | -6213 |

3 Gain, if any, from Form 4684, line 39

4 Section 1231 gain from installment sales from Form 6252, line 26 or 37

5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824

6 Gain, if any, from line 32, from other than casualty or theft

7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: **Partnerships (except electing large partnerships) and S corporations.** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.**Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions)

9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

| | | | |
|----|---|-----|----|
| 11 | Loss, if any, from line 7 | 11 | |
| 12 | Gain, if any, from line 7 or amount from line 8, if applicable | 12 | |
| 13 | Gain, if any, from line 31 | 13 | 0. |
| 14 | Net gain or (loss) from Form 4684, lines 31 and 38a | 14 | |
| 15 | Ordinary gain from installment sales from Form 6252, line 25 or 36 | 15 | |
| 16 | Ordinary gain or (loss) from like-kind exchanges from Form 8824 | 16 | |
| 17 | Combine lines 10 through 16 | 17 | 0. |
| 18 | For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below: | | |
| a | If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from Form 4797, line 18a. See instructions | 18a | |
| b | Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 | 18b | |

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form **4797** (2007)

Form 4797 (2007) S. C. CLUB, L. P.

Page 2

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255 (see instructions)

| 19(a) Description of section 1245, 1250, 1252, 1254, or 1255 property: | (b) Date acquired (mo, day, yr) | (c) Date sold (mo, day, yr) |
|--|------------------------------------|--------------------------------|
| A COMPUTER SOFTWARE | 01/01/96 | 01/01/07 |
| B FIXTURES AND EQUIPMENT | 07/01/96 | 01/01/07 |
| C FIXTURES AND EQUIPMENT | 07/01/98 | 01/01/07 |
| D KITCHEN AND RESTAURANT WARES | 07/01/96 | 01/01/07 |

These columns relate to the properties on lines 19A through 19D

| | Property A | Property B | Property C | Property D |
|---|------------|------------|------------|------------|
| 20 Gross sales price (Note: See line 1 before completing.) | 0. | 0. | 0. | 0. |
| 21 Cost or other basis plus expense of sale | 54,093. | 208,364. | 2,163. | 23,373. |
| 22 Depreciation (or depletion) allowed or allowable | 54,093. | 208,364. | 2,163. | 23,373. |
| 23 Adjusted basis. Subtract line 22 from line 21 | 0. | 0. | 0. | 0. |
| 24 Total gain. Subtract line 23 from line 20 | 0. | 0. | 0. | 0. |
| 25 If section 1245 property: | | | | |
| a Depreciation allowed or allowable from line 22 | 54,093. | 208,364. | 2,163. | 23,373. |
| b Enter the smaller of line 24 or 25a | 0. | 0. | 0. | 0. |
| 26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291. | | | | |
| a Additional depreciation after 1975 (see instrs) | | | | |
| b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions) | | | | |
| c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e | | | | |
| d Additional depreciation after 1969 & before 1976 | | | | |
| e Enter the smaller of line 26c or 26d | | | | |
| f Section 291 amount (corporations only) | | | | |
| g Add lines 26b, 26e, and 26f | | | | |
| 27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership). | | | | |
| a Soil, water, and land clearing expenses | | | | |
| b Line 27a multiplied by applicable percentage (see instructions) | | | | |
| c Enter the smaller of line 24 or 27b | | | | |
| 28 If section 1254 property: | | | | |
| a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) | | | | |
| b Enter the smaller of line 24 or 28a | | | | |
| 29 If section 1255 property: | | | | |
| a Applicable percentage of payments excluded from income under section 126 (see instructions) | | | | |
| b Enter the smaller of line 24 or 29a (see instrs) | | | | |

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

| | | |
|---|-----------|----|
| 30 Total gains for all properties. Add property columns A through D, line 24 | 30 | 0. |
| 31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 | 31 | 0. |
| 32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 | 32 | 0. |

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions)

| | (a) Section 179 | (b) Section 280F(b)(2) |
|---|-----------------|------------------------|
| 33 Section 179 expense deduction or depreciation allowable in prior years | 33 | |
| 34 Recomputed depreciation (see instructions) | 34 | |
| 35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report | 35 | |

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FDIZ1002 07/09/07

Form 4797 (2007)

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Form 4797 (2007) S. C. CLUB, L. P.

Page 2

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

| 19(a) Description of section 1245, 1250, 1252, 1254, or 1255 property: | (b) Date acquired (mo, day, yr) | (c) Date sold (mo, day, yr) |
|--|------------------------------------|--------------------------------|
| A STAGE AND ELECTRICAL EQUIPMENT | 07/01/96 | 01/01/07 |
| B BARTOPS | 07/01/97 | 01/01/07 |
| C BARTOPS | 07/01/96 | 01/01/07 |
| D KITCHEN | 07/01/96 | 01/01/07 |

| These columns relate to the properties on lines 19A through 19D | Property A | Property B | Property C | Property D |
|---|------------|------------|------------|------------|
| 20 Gross sales price (Note: See line 1 before completing.) | 0. | 0. | 0. | 0. |
| 21 Cost or other basis plus expense of sale | 685,123. | 1,802. | 33,105. | 184,350. |
| 22 Depreciation (or depletion) allowed or allowable | 685,123. | 1,802. | 33,105. | 184,350. |
| 23 Adjusted basis. Subtract line 22 from line 21 | 0. | 0. | 0. | 0. |
| 24 Total gain. Subtract line 23 from line 20 | 0. | 0. | 0. | 0. |
| 25 If section 1245 property: | | | | |
| a Depreciation allowed or allowable from line 22 | 685,123. | 1,802. | 33,105. | 184,350. |
| b Enter the smaller of line 24 or 25a | 0. | 0. | 0. | 0. |
| 26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291. | | | | |
| a Additional depreciation after 1975 (see instrs) | | | | |
| b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions) | | | | |
| c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e | | | | |
| d Additional depreciation after 1969 & before 1976 | | | | |
| e Enter the smaller of line 26c or 26d | | | | |
| f Section 291 amount (corporations only) | | | | |
| g Add lines 26b, 26e, and 26f | | | | |
| 27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership). | | | | |
| a Soil, water, and land clearing expenses | | | | |
| b Line 27a multiplied by applicable percentage (see instructions) | | | | |
| c Enter the smaller of line 24 or 27b | | | | |
| 28 If section 1254 property: | | | | |
| a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) | | | | |
| b Enter the smaller of line 24 or 28a | | | | |
| 29 If section 1255 property: | | | | |
| a Applicable percentage of payments excluded from income under section 126 (see instructions) | | | | |
| b Enter the smaller of line 24 or 29a (see instrs) | | | | |

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

| | | |
|---|-----------|--|
| 30 Total gains for all properties. Add property columns A through D, line 24 | 30 | |
| 31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 | 31 | |
| 32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 | 32 | |

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

| | (a) Section 179 | (b) Section 280F(b)(2) |
|---|-----------------|------------------------|
| 33 Section 179 expense deduction or depreciation allowable in prior years | 33 | |
| 34 Recomputed depreciation (see instructions) | 34 | |
| 35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report | 35 | |

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Form 4797 (2007)

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Form 4797 (2007) S. C. CLUB, L. P.

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

Page 2

| 19(a) Description of section 1245, 1250, 1252, 1254, or 1255 property: | (b) Date acquired (mo, day, yr) | (c) Date sold (mo, day, yr) |
|--|------------------------------------|--------------------------------|
| A OTHER EQUIPMENT | 07/01/98 | 01/01/07 |
| B | | |
| C | | |
| D | | |

These columns relate to the properties on lines 19A through 19D

| | | Property A | Property B | Property C | Property D |
|---|------------|------------|------------|------------|------------|
| 20 Gross sales price (Note: See line 1 before completing.) | 20 | 0. | | | |
| 21 Cost or other basis plus expense of sale | 21 | 2,852. | | | |
| 22 Depreciation (or depletion) allowed or allowable | 22 | 2,852. | | | |
| 23 Adjusted basis. Subtract line 22 from line 21 | 23 | 0. | | | |
| 24 Total gain. Subtract line 23 from line 20 | 24 | 0. | | | |
| 25 If section 1245 property: | | | | | |
| a Depreciation allowed or allowable from line 22 | 25a | 2,852. | | | |
| b Enter the smaller of line 24 or 25a | 25b | 0. | | | |
| 26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291. | | | | | |
| a Additional depreciation after 1975 (see instrs) | 26a | | | | |
| b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions) | 26b | | | | |
| c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e | 26c | | | | |
| d Additional depreciation after 1969 & before 1976 | 26d | | | | |
| e Enter the smaller of line 26c or 26d | 26e | | | | |
| f Section 291 amount (corporations only) | 26f | | | | |
| g Add lines 26b, 26e, and 26f | 26g | | | | |
| 27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership). | | | | | |
| a Soil, water, and land clearing expenses | 27a | | | | |
| b Line 27a multiplied by applicable percentage (see instructions) | 27b | | | | |
| c Enter the smaller of line 24 or 27b | 27c | | | | |
| 28 If section 1254 property: | | | | | |
| a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) | 28a | | | | |
| b Enter the smaller of line 24 or 28a | 28b | | | | |
| 29 If section 1255 property: | | | | | |
| a Applicable percentage of payments excluded from income under section 126 (see instructions) | 29a | | | | |
| b Enter the smaller of line 24 or 29a (see instrs) | 29b | | | | |

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

| | | |
|---|-----------|--|
| 30 Total gains for all properties. Add property columns A through D, line 24 | 30 | |
| 31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 | 31 | |
| 32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 | 32 | |

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

| | | (a) Section 179 | (b) Section 280F(b)(2) |
|---|-----------|-----------------|------------------------|
| 33 Section 179 expense deduction or depreciation allowable in prior years | 33 | | |
| 34 Recomputed depreciation (see instructions) | 34 | | |
| 35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report | 35 | | |

BAA

FDIZ1002 07/09/07

Form 4797 (2007)

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Form **7004**

(Rev. December 2007)
Department of the Treasury
Internal Revenue Service

**Application for Automatic 6-Month Extension of Time To File
Certain Business Income Tax, Information, and Other Returns**

► **File a separate application for each return.**

OMB No. 1545-0233

**Type or
Print**

Name

Identifying number

S. C. CLUB, L. P.

Number, street, and room or suite number. (If P.O. box, see instructions.)

520 BROADWAY, SUITE 660

City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)).

SANTA MONICA

CA 90401

Note. See instructions before completing this form.

1 Enter the form code for the return that this application is for (see below) **09**

2 If the foreign corporation does not have an office or place of business in the United States, check here ☐

3 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here ☐

4a The application is for calendar year 20 07, or tax year beginning _____, 20 __, and ending _____, 20 __

b Short tax year. If this tax year is less than 12 months, check the reason:

☐ Initial return

☐ Final return

☐ Change in accounting period

☐ Consolidated return to be filed

5 If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here ☐

If checked, attach a schedule, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

6 Tentative total tax **6**

7 Total payments and credits (see instructions) **7**

8 **Balance due.** Subtract line 7 from line 6. Generally, you must deposit this amount using the Electronic Federal Tax Payment System (EFTPS), a Federal Tax Deposit (FTD) Coupon, or Electronic Funds Withdrawal (EFW) (see instructions for exceptions) **8**

| Application Is For: | Form Code | Application Is For: | Form Code |
|--|-----------|-----------------------------------|-----------|
| Form 706-GS(D) | 01 | Form 1120-ND | 19 |
| Form 706-GS(F) | 02 | Form 1120-ND (section 4951 taxes) | 20 |
| Form 1041 (estate) | 04 | Form 1120-PC | 21 |
| Form 1041 (trust) | 05 | Form 1120-POL | 22 |
| Form 1041-N | 06 | Form 1120-REIT | 23 |
| Form 1041-QFT | 07 | Form 1120-RIC | 24 |
| Form 1042 | 08 | Form 1120-S | 25 |
| Form 1065 | 09 | Form 1120-SF | 26 |
| Form 1065-B | 10 | Form 3520-A | 27 |
| Form 1066 | 11 | Form 8612 | 28 |
| Form 1120 | 12 | Form 8613 | 29 |
| Form 1120-A (fiscal year 2006/2007 corporations) | 14 | Form 8725 | 30 |
| Form 1120-C | 34 | Form 8804 | 31 |
| Form 1120-F | 15 | Form 8831 | 32 |
| Form 1120-FSC | 16 | Form 8876 | 33 |
| Form 1120-H | 17 | Form 8924 | 35 |
| Form 1120-L | 18 | | |

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form **7004** (Rev 12-2007)

Schedule K-1
(Form 1065)

2007

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 2007

**Partner's Share of Income, Deductions,
Credits, etc.**

► See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
[REDACTED]

B Partnership's name, address, city, state, and ZIP code
S. C. CLUB, L. P.
520 BROADWAY, SUITE 660
SANTA MONICA, CA 90401

C IRS Center where partnership filed return
OGDEN, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
[REDACTED]

F Partner's name, address, city, state, and ZIP code
S. C. CLUB, INC.
520 BROADWAY
SUITE 660
SANTA MONICA, CA 90401

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? CORPORATION

J Partner's share of profit, loss, and capital:

| | Beginning | Ending |
|---------|------------|------------|
| Profit | 20.00000 % | 20.00000 % |
| Loss | 50.57600 % | 50.57600 % |
| Capital | 0.00000 % | 0.00000 % |

K Partner's share of liabilities at year end:

| | | |
|---------------------------------|----|------------|
| Nonrecourse | \$ | |
| Qualified nonrecourse financing | \$ | 3,717,340. |
| Recourse | \$ | 682,891. |

L Partner's capital account analysis:

| | | |
|-------------------------------------|----|-------------|
| Beginning capital account | \$ | -3,636,615. |
| Capital contributed during the year | \$ | 0. |
| Current year increase (decrease) | \$ | 145,410. |
| Withdrawals and distributions | \$ | 0. |
| Ending capital account | \$ | -3,491,205. |

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

☐ Final K-1

☒ Amended K-1

651107

OMB No. 1545-0099

**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

| | | | |
|-----------|--------------------------------------|-----------|--|
| 1 | Ordinary business income (loss) | 15 | Credits |
| | 111,646. | | |
| 2 | Net rental real estate income (loss) | | |
| 3 | Other net rental income (loss) | 16 | Foreign transactions |
| 4 | Guaranteed payments | | |
| 5 | Interest income | | |
| 6a | Ordinary dividends | | |
| 6b | Qualified dividends | | |
| 7 | Royalties | | |
| 8 | Net short-term capital gain (loss) | | |
| 9a | Net long-term capital gain (loss) | 17 | Alternative minimum tax (AMT) items |
| | | A | 623. |
| 9b | Collectibles (28%) gain (loss) | B | -88. |
| 9c | Unrecaptured section 1250 gain | | |
| 10 | Net section 1231 gain (loss) | 18 | Tax-exempt income and nondeductible expenses |
| | -1,407. | C | 2,659. |
| 11 | Other income (loss) | | |
| 12 | Section 179 deduction | 19 | Distributions |
| | | A | 0. |
| 13 | Other deductions | B | 0. |
| A | 200. | 20 | Other information |
| 14 | Self-employment earnings (loss) | | |

*See attached statement for additional information.

FOR
IRS
USE
ONLY

BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2007

PTPA0312 12/31/07

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Schedule K-1
(Form 1065)

2007

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax

year beginning _____, 2007
ending _____

**Partner's Share of Income, Deductions,
Credits, etc.**

► See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number

B Partnership's name, address, city, state, and ZIP code
S. C. CLUB, L. P.
520 BROADWAY, SUITE 660
SANTA MONICA, CA 90401

C IRS Center where partnership filed return
OGDEN, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number

F Partner's name, address, city, state, and ZIP code
JERROLD S. PRESSMAN
520 BROADWAY
SUITE 660
SANTA MONICA, CA 90401

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? INDIVIDUAL

J Partner's share of profit, loss, and capital:

| | Beginning | Ending |
|---------|-------------|-------------|
| Profit | 80.00000 % | 80.00000 % |
| Loss | 49.42400 % | 49.42400 % |
| Capital | 100.00000 % | 100.00000 % |

K Partner's share of liabilities at year end:

Nonrecourse \$
Qualified nonrecourse financing \$ 14,869,359.
Recourse \$

L Partner's capital account analysis:

Beginning capital account \$ -9,943,242.
Capital contributed during the year \$ 0.
Current year increase (decrease) \$ 581,639.
Withdrawals and distributions \$ 0.
Ending capital account \$ -9,361,603.

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

☐ Final K-1

☒ Amended K-1

651107

OMB No. 1545-0099

**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

| | | | |
|----|--------------------------------------|----|--|
| 1 | Ordinary business income (loss) | 15 | Credits |
| | 446,583. | | |
| 2 | Net rental real estate income (loss) | | |
| 3 | Other net rental income (loss) | 16 | Foreign transactions |
| 4 | Guaranteed payments | | |
| 5 | Interest income | | |
| 6a | Ordinary dividends | | |
| 6b | Qualified dividends | | |
| 7 | Royalties | | |
| 8 | Net short-term capital gain (loss) | | |
| 9a | Net long-term capital gain (loss) | 17 | Alternative minimum tax (AMT) items |
| | | A | 2,494. |
| 9b | Collectibles (28%) gain (loss) | | |
| | | B | -350. |
| 9c | Unrecaptured section 1250 gain | | |
| 10 | Net section 1231 gain (loss) | 18 | Tax-exempt income and nondeductible expenses |
| | -5,627. | | |
| 11 | Other income (loss) | C | 10,636. |
| | | | |
| | | | |
| | | | |
| | | 19 | Distributions |
| 12 | Section 179 deduction | A | 0. |
| | | | |
| 13 | Other deductions | B | 0. |
| A | 800. | 20 | Other information |
| | | | |
| | | | |
| 14 | Self-employment earnings (loss) | | |

*See attached statement for additional information.

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BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2007

PTPA0312 12/31/07

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Partnership Information Worksheet

2007

► Keep for your records

Part I – Identifying Information

Employer Identification Number ... [REDACTED] Date Business Started 01/01/1996
Name S. C. CLUB, L. P.
Name (continuation)
Doing Business As KEY CLUB
Address 520 BROADWAY, SUITE 660
City SANTA MONICA State CA ZIP Code 90401
Foreign Country
Telephone Number [REDACTED] Extension
Fax Number [REDACTED] E-Mail Address
Tax Shelter Registration Number

☐ Eligible for hurricane tax relief legislation benefits

Part II – Tax Year and Filing Information

☒ Calendar year
☐ Fiscal year – Ending month
☐ Short year – Beginning date Ending date

Part III – IRS Center

IRS center where partnership filed return OGDEN, UT

Part IV – Schedule K-1 Information

Percentage Used for Allocation to Schedules K-1

☒ Profit ☐ Loss ☐ Ownership

K-1 Rounding Options

☒ Distribute the rounding difference to the partner with the largest percentage.
☐ Distribute the rounding difference to partner number
☐ Distribute the rounding difference among partners.
☐ Do not distribute the rounding difference to any partner.

K-1 Analysis of Partner's Capital Account Options (Schedule K-1, Item L, Row C)

☐ Sum the individual line items on each partner's Schedule K-1.
☒ Multiply total partnership amounts by each partner's K-1 allocation percentage.

K-1 Capital Account Accounting Method

☒ Tax basis
☐ Generally Accepted Accounting Principles (GAAP)
☐ Section 704(b) book
☐ Other

Partner Printing Options

| Yes | No | |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Print Schedules K-1? |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Include page 2 of Schedules K-1 (codes and descriptions) with tax return? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Print Partner Number on Schedules K-1? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Print detail of Item L, Row C on each partner's Schedule K-1? |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Calculate and print Schedule K Reconciliation Report? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Calculate and print the Partner Basis Statement? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Calculate and print the SEP Contribution Worksheet for each partner? |

Enter a SEP contribution rate here (maximum 25%) ►

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

S. C. CLUB, L. P.

Page 2

Part V – Electronic Filing Information

Electronic Filing:

- ☒ Check this box to file the federal return electronically
☒ Check this box to file the state(s) electronically

* Select the state or states to file electronically.
Multiple states can be entered.

| State(s) * |
|------------------------|
| California Partnership |
| |
| |
| |

Practitioner PIN program:

- ☒ Check this box to sign this return electronically using the Practitioner PIN
☐ ERO entered PIN

Partner's or Limited Liability Company Member's PIN (enter any 5 numbers)
Date PIN entered 09/09/2008

Electronic Filing of Extensions:

- ☒ Check this box to file **Form 7004** (application for extension of time to file return) electronically
☐ Check this box to file the state extension(s) electronically (MA & MD only)

* Select the state or states to file electronically. (Multiple states can be entered)

| State(s) * |
|------------|
| |
| |
| |
| |

Information required for Electronic Filing:


Partner's or LLC Member's Name S C INC
☒ General Partner ☐ Limited Liability Company Member ☐ Tax Matters Partner (TMP)

Electronic Filing of Amended Return:

- ☒ Check this box to file **amended return** electronically

QuickZoom to the Electronic Filing Information Worksheet 

QuickZoom here to Form 1065, page 1 and 2 

QuickZoom here to Schedule K-1 Worksheet 

QuickZoom to Client Status 

ptpw3001.SCR 11/24/07

Form 1065

Schedule M-1 Items Worksheet

2007

► Keep for your records

Name as Shown on Return

Employer Identification No.

S. C. CLUB, L. P.

| Income Items: | S A | Per Books | Per Tax Return (Schedule K) | Difference (Book - Tax) |
|--|----------------|----------------------|--|------------------------------------|
| Description | | | | |
| <i>Permanent items (tax-exempt income):</i> | | | | |
| Tax-exempt interest from Sch K, ln 18a - enter below in state vs out of state | | | | |
| Tax-exempt interest - in state: | | | | |
| Direct Entry From K-1s | | | | |
| Tax-exempt interest - out of state | | | | |
| Life insurance proceeds | | | | |
| Other permanent items (income): | | | | |
| | | | | |
| | | | | |
| Gain (loss) on disposition of sec 179 assets | | | | |
| Alcohol used as fuel or incl in income | | | | |
| <i>Guaranteed payments</i> | | | | |
| <i>Timing (temporary) items:</i> | | | | |
| Unearned rent income | | | | |
| Unearned income | | | | |
| Gain on sale of assets | | | | |
| Installment sale income | | | | |
| Other timing items (income): | | | | |
| | | | | |
| | | | | |
| Total | | | | |
| Expense Items: | S A | Per Books | Per Tax Return (Schedule K) | Difference (Tax - Book) |
| Description | | | | |
| <i>Permanent items (nondeductible expenses):</i> | | | | |
| Disallowed travel, meals, and entertainment | | 13,295. | | -13,295. |
| Lease inclusion amount - enter as a negative | | | | |
| Work opportunity credit wage reduction | | | | |
| Empowerment zone credit wage reduction | | | | |
| Indian employment credit wage reduction | | | | |
| Welfare-to-Work credit wage reduction | | | | |
| Payroll tax reduc for cr from Form 8846 | | | | |
| Retiremt exp reduc for cr from Form 8881 | | | | |
| State underpayment penalty | | | | |
| Other fines and penalties | | | | |
| Life insurance premiums | | | | |
| Interest paid to carry tax-exempt investmnt | | | | |
| Other expenses related to tax-exempt inc | | | | |
| Other permanent items (expenses): | | | | |
| | | | | |
| | | | | |
| <i>Timing (temporary) items:</i> | | | | |
| Depreciation and section 179 expense | | 0. | 179,676. | 179,676. |
| Amortization | | | 3,439. | |
| Section 754 depreciation | | | | |
| Section 754 amortization | | | | |
| Depletion other than oil and gas | | | | |
| Loss on sale of assets | | | | |
| Organizational costs | | | | |
| Bad debt expense | | | | |
| Prepaid expenses | | | | |
| Other timing items (expenses): | | | | |
| | | | | |
| | | | | |
| Total | | 13,295. | 183,115. | 166,381. |

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**Schedule K
Line 14a**

Net Self-Employment Earnings Worksheet
► Keep for your records

2007

Name as Shown on Return

Employer Identification No.

S. C. CLUB, L. P.

| Description | S A | Column A Partnership Total | Column B Amounts allocated to general partners who are individuals or partnerships | Column C Amounts allocated to limited partners who are individuals or partnerships | Column D Amounts allocated to all other partners |
|--|--------|----------------------------------|---|---|--|
| 1 a Ordinary income (loss) (Schedule K, line 1) | | 558,229. | | 446,583. | 111,646. |
| b Net income (loss) from certain rental real estate activities | | | | | |
| c Net income (loss) from other rental activities (Sch K, line 3c) .. | | | | | |
| d Net loss from Form 4797, Part II, line 17, included on line 1a | | | | | |
| e Combine lines 1a through 1d | | 558,229. | | 446,583. | 111,646. |
| 2 Net gain from Form 4797, Part II, line 17, included on line 1a | | 0. | | 0. | 0. |
| 3 a Subtract line 2 from line 1e | | 558,229. | | 446,583. | 111,646. |
| b Part of line 3a allocated to limited partners, estates, trusts, corporations, and exempt organizations and IRA's | | 558,229. | | 446,583. | 111,646. |
| c Subtract line 3b from line 3a | | 0. | | 0. | 0. |
| 4 a Guaranteed payments (GP) and other items used to figure self-employment (SE) earnings: (1) GP for services | | | | | |
| (2) GP other than for services ... | | | | | |
| (3) Other Sched K items used to figure SE earnings | | | | | |
| Total of lines 4a(1) through (3) ... | | | | | |
| b Part of 4a allocated to individual limited partners for other than GP for services and to estates, trusts, corporations, etc. | | | | | |
| c Subtract line 4b from line 4a | | | | | |
| d Other adjustments to figure self-employment earnings | | | | | |
| e Part of 4d allocated to estates, trusts, corporations, etc. | | | | | |
| f Subtract line 4e from line 4d | | | | | |
| 5 Net earnings (loss) from self-employment. Combine lines 3c, 4c and 4f | | 0. | | 0. | 0. |

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Form 4562

S. C. CLUB, L. P.

Form 1065 - Line 22

Depreciation and Amortization Report

Tax Year 2007

2007

Keep for your records

| Asset Description | Code | Date in Service | Cost (net of land) | Land | Business Use % | Section 179 | Special Depreciation Allowance | Depreciable Basis | Life | Method/Convention | Prior Depreciation | Current Depreciation |
|---------------------------------------|------|-----------------|--------------------|------|----------------|-------------|--------------------------------|-------------------|-------|-------------------|--------------------|----------------------|
| DEPRECIATION | | | | | | | | | | | | |
| BUILDING COSTS | | 01/01/96 | 5,574,947 | | 100.00 | | | 5,574,947 | 39.00 | SL/MM | 1,632,117 | 140,606 |
| COMPUTER SOFTWARE | S | 01/01/96 | 54,093 | | 100.00 | | | 54,093 | 5.00 | 200DB/HY | 54,093 | 0 |
| FIXTURES AND EQUIPMENT | S | 07/01/96 | 208,364 | | 100.00 | | | 208,364 | 7.00 | 200DB/HY | 208,364 | 0 |
| KITCHEN AND RESTAURANT WARE | S | 07/01/96 | 23,373 | | 100.00 | | | 23,373 | 7.00 | 200DB/HY | 23,373 | 0 |
| STAGE AND ELECTRICAL EQUIPMENT | S | 07/01/96 | 685,123 | | 100.00 | | | 685,123 | 7.00 | 200DB/HY | 685,123 | 0 |
| BARTOPS | S | 07/01/96 | 33,105 | | 100.00 | | | 33,105 | 7.00 | 200DB/HY | 33,105 | 0 |
| KITCHEN | S | 07/01/96 | 184,350 | | 100.00 | | | 184,350 | 7.00 | 200DB/HY | 184,350 | 0 |
| BARTOPS | S | 07/01/97 | 1,802 | | 100.00 | | | 1,802 | 7.00 | 200DB/HY | 1,802 | 0 |
| LEASEHOLD IMPROVEMENTS | | 07/01/97 | 17,877 | | 100.00 | | | 17,877 | 39.00 | SL/MM | 4,332 | 459 |
| BUILDING COSTS | | 01/01/98 | 119,323 | | 100.00 | | | 119,323 | 39.00 | SL/MM | 27,591 | 3,053 |
| FIXTURES AND EQUIPMENT | S | 07/01/98 | 2,163 | | 100.00 | | | 2,163 | 7.00 | 200DB/HY | 2,163 | 0 |
| OTHER EQUIPMENT | S | 07/01/98 | 2,852 | | 100.00 | | | 2,852 | 7.00 | 200DB/HY | 2,852 | 0 |
| LEASEHOLD IMPROVEMENTS | | 07/01/98 | 42,317 | | 100.00 | | | 42,317 | 39.00 | SL/MM | 9,177 | 1,085 |
| LEASEHOLD IMPROVEMENTS - EAST LOT | | 07/01/98 | 95,272 | | 100.00 | | | 95,272 | 39.00 | SL/MM | 20,664 | 2,443 |
| FIXTURES AND EQUIPMENT | | 07/01/00 | 126 | | 100.00 | | | 126 | 7.00 | 200DB/HY | 120 | 6 |
| OTHER EQUIPMENT | | 07/01/00 | 314 | | 100.00 | | | 314 | 7.00 | 200DB/HY | 300 | 14 |
| LEASEHOLD IMPROVEMENTS | | 07/01/00 | 10,062 | | 100.00 | | | 10,062 | 39.00 | SL/MM | 1,666 | 258 |
| COMPUTER SOFTWARE | | 01/01/02 | 1,148 | | 100.00 | | | 1,148 | 5.00 | 200DB/HY | 1,082 | 66 |
| FIXTURES AND EQUIPMENT | | 01/01/02 | 2,886 | | 100.00 | | | 2,886 | 7.00 | 200DB/HY | 2,242 | 258 |
| OTHER EQUIPMENT | | 01/01/02 | 2,142 | | 100.00 | | | 2,142 | 7.00 | 200DB/HY | 1,664 | 191 |
| LEASEHOLD IMPROVEMENTS | | 01/01/02 | 23,411 | | 100.00 | | | 23,411 | 39.00 | SL/MM | 2,975 | 600 |
| LEASEHOLD IMPROVEMENTS - PLUSH LOUNGE | | 01/01/04 | 912,653 | | 100.00 | | | 912,653 | 39.00 | SL/MM | 69,228 | 23,401 |
| COMPUTER SOFTWARE - PLUSH LOUNGE, LLC | S | 01/01/04 | 7,126 | | 100.00 | | | 7,126 | 5.00 | 200DB/HY | 2,537 | 205 |
| FIXTURES AND EQUIPMENT - PLUSH LOUNGE | S | 01/01/04 | 33,154 | | 100.00 | | | 33,154 | 7.00 | 200DB/HY | 9,328 | 1,036 |
| KITCHEN AND RESTAURANT EQUIPMENT | | 01/01/04 | 8,024 | | 100.00 | | | 8,024 | 7.00 | 200DB/HY | 2,258 | 501 |
| STAGE AND ELECTRICAL EQUIPMENT - PLUS | | 01/01/04 | 87,945 | | 100.00 | | | 87,945 | 7.00 | 200DB/HY | 24,743 | 5,494 |
| SUBTOTAL PRIOR YEAR | | | 8,133,952 | 0 | | 0 | | 8,065,827 | | | 3,007,249 | 179,676 |
| TOTALS | | | 8,133,952 | 0 | | 0 | | 8,065,827 | | | 3,007,249 | 179,676 |
| AMORTIZATION | | | | | | | | | | | | |
| START UP COSTS | | 01/01/96 | 21,725 | | 100.00 | | | 21,725 | 5.00 | | 21,725 | 0 |
| START UP COSTS | | 01/01/97 | 1,672,924 | | 100.00 | | | 1,672,924 | 5.00 | | 1,672,924 | 0 |
| LOAN COSTS | | 01/01/98 | 172,184 | | 100.00 | | | 172,184 | 7.00 | | 172,184 | 0 |
| START UP COSTS | | 07/01/00 | 51,592 | | 100.00 | | | 51,592 | 15.00 | | 22,363 | 3,439 |
| SUBTOTAL PRIOR YEAR | | | 1,918,425 | | | 0 | 0 | 1,918,425 | | | 1,889,196 | 3,439 |

Code: S = Sold, A = Auto, L = Listed, C = COGS, 7 = 754

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Form 1065 - Line 22

Depreciation and Amortization Report

Tax Year 2007

► Keep for your records

2007

[illegible]

Code: S = Sold, A = Auto, L = Listed, C = COGS, 7 = 754

FDIV3601 08/17/07

Page 2 of 2

2007

Tax Year 2007

► Keep for your records

Code: S = Sold, A = Auto, L = Listed, C = COGS, 7 = 754

FDIV3701 08/17/07

Page 1 of 1

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S. C. CLUB, L. P. [REDACTED]

1

Schedule K Reconciliation

| Partner | -1- Ordinary Inc/Loss | -10- Net Sec. 1231 G/L | -13a- Charit Contrib | -14a- Net SE Earn/Loss | -17a- Depr Adj After 86 |
|---------------------|-----------------------------|------------------------------|----------------------------|------------------------------|-------------------------------|
| S. C. CLUB, INC. | 111,646 | -1,407 | 200 | | 623 |
| JERROLD S. PRESSMAN | 446,583 | -5,627 | 800 | | 2,494 |
| Total | <u>558,229</u> | <u>-7,034</u> | <u>1,000</u> | | <u>3,117</u> |

S. C. CLUB, L. P. [REDACTED]

1

Schedule K Reconciliation

| Partner | -17b- Adjusted Gain/Loss | -18c- Non-Ded Expenses | -19a- Distrib of Money | -19b- Distrib of Prop | K-1 K(2) Qual Non- Recourse |
|----------------------------|--------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------------|
| <u>S. C. CLUB, INC.</u> | <u>-88</u> | <u>2,659</u> | <u>0</u> | <u>0</u> | <u>3,717,340</u> |
| <u>JERROLD S. PRESSMAN</u> | <u>-350</u> | <u>10,636</u> | <u>0</u> | <u>0</u> | <u>14,869,359</u> |
| Total | <u>-438</u> | <u>13,295</u> | <u>0</u> | <u>0</u> | <u>18,586,699</u> |

S. C. CLUB, L. P. [REDACTED]

1

Schedule K Reconciliation

| Partner | K-1 K(3) Liab Other | K-1 L(c) Sch K-1 Item L(c) | | | |
|---------------------|---------------------------|----------------------------------|--|--|--|
| S. C. CLUB, INC. | 682,891 | 145,410 | | | |
| JERROLD S. PRESSMAN | | 581,639 | | | |
| Total | <u>682,891</u> | <u>727,049</u> | | | |

Form 1065

Two Year Comparison

2007

► Keep for your records

| Name of Partnership | | | | Employer Identification Number | | |
|--|------------|-------------------|------------|--------------------------------|------------------------|-------|
| S. C. CLUB, L. P. | | | | | | |
| Ordinary Income (Loss) | 2007 | | 2006 | | Difference 2007 - 2006 | |
| | Amount | % of Total Income | Amount | % of Total Income | Amount | % |
| 1 a Gross receipts or sales | 6,717,954. | | 4,934,745. | | 1,783,209. | 36.14 |
| b Less returns and allowances | 0. | | 0. | | 0. | |
| c Net receipts | 6,717,954. | | 4,934,745. | | 1,783,209. | 36.14 |
| 2 Cost of goods sold (Schedule A) .. | 2,347,903. | | 2,351,258. | | -3,355. | -0.14 |
| 3 Gross profit | 4,370,051. | | 2,583,487. | | 1,786,564. | 69.15 |
| 4 Ordinary income from other partnerships, estates, trusts | | | | | | |
| 5 Net farm profit (loss) | | | | | | |
| 6 Net gain (loss) from Form 4797 .. | 0. | | | | 0. | |
| 7 Other income (loss) | | | | | | |
| 8 Total income (loss) | 4,370,051. | 100.00 | 2,583,487. | 100.00 | 1,786,564. | 69.15 |
| Deductions | | | | | | |

Deductions

| | | | | | | |
|---|------------|-------|------------|--------|------------|---------|
| 9 Salaries and wages (less employment credits) | 944,190. | 21.61 | 1,442,593. | 55.84 | -498,403. | -34.55 |
| 10 Guaranteed payments to partners | | 0.00 | | 0.00 | | |
| 11 Repairs and maintenance | 208,145. | 4.76 | 191,688. | 7.42 | 16,457. | 8.59 |
| 12 Bad debts | | 0.00 | | 0.00 | | |
| 13 Rents | 673,080. | 15.40 | 308,859. | 11.96 | 364,221. | 117.92 |
| 14 Taxes and licenses | 437,740. | 10.02 | 46,781. | 1.81 | 390,959. | 835.72 |
| 15 Interest | 0. | 0.00 | 2,142. | 0.08 | -2,142. | -100.00 |
| 16a Depreciation on Form 4562 | 179,676. | 4.11 | 184,503. | 7.14 | -4,827. | -2.62 |
| b Less depreciation on Schedule A and elsewhere | | 0.00 | | 0.00 | | |
| c Net depreciation | 179,676. | 4.11 | 184,503. | 7.14 | -4,827. | -2.62 |
| 17 Depletion (not oil and gas) | | 0.00 | | 0.00 | | |
| 18 Retirement plans, etc | | 0.00 | | 0.00 | | |
| 19 Employee benefit programs | | 0.00 | | 0.00 | | |
| 20 Other deductions | 1,368,991. | 31.33 | 1,305,823. | 50.54 | 63,168. | 4.84 |
| 21 Total deductions | 3,811,822. | 87.23 | 3,482,389. | 134.79 | 329,433. | 9.46 |
| 22 Ordinary income (loss) from trade/business | 558,229. | 12.77 | -898,902. | -34.79 | 1,457,131. | 162.10 |

Schedule K Items:

| Income (Loss) | 2007 | 2006 | Difference 2007- 2006 | |
|--|----------|-----------|-----------------------|--------|
| | | | Amount | % |
| 1 Ordinary income (loss) from trade or business | 558,229. | -898,902. | 1,457,131. | 162.10 |
| 2 Net income (loss) from rental real estate | | | | |
| 3 Net income (loss) from other rental activities | | | | |
| 4 Guaranteed payments to partners | | | | |
| 5 Interest income | | | | |
| 6a Dividends — ordinary | | | | |
| b Dividends — qualified | | | | |
| 7 Royalty income | | | | |
| 8 Net short-term capital gain (loss) | | | | |
| 9 Net long-term capital gain (loss) | | | | |
| 10 Net gain (loss) under section 1231 | -7,034. | | -7,034. | |
| 11 Other income (loss) | | | | |

S. C. CLUB, L. P.

Page 2

Schedule K Items (continued):

Income (Loss)

Deductions

| | 2007 | 2006 | Difference 2007 - 2006 | |
|--|--------|--------|------------------------|--------|
| | | | Amount | % |
| 12 Section 179 expense deduction | | | | |
| 13a Charitable contributions | 1,000. | 1,500. | -500. | -33.33 |
| b Interest expense on investment debts | | | | |
| c Section 59(e)(2) expenditures | | | | |
| d Other deductions | | | | |

Self-Employment

| | | | | |
|--|------------|------------|------------|-------|
| 14a Net earnings (loss) from self-employment | 0. | 0. | 0. | |
| b Gross farming or fishing income | | | | |
| c Gross nonfarm income | 4,370,051. | 2,583,487. | 1,786,564. | 69.15 |

Credits

| | | | | |
|--|--|--|--|--|
| 15 Low-income housing credit: | | | | |
| a From partnerships section 42(j)(5) | | | | |
| b Other than on line 12a(1) | | | | |
| c Qualified rehabilitation expenditures related to rental real estate activities | | | | |
| d Credits related to other rental activities | | | | |
| e Other rental credits | | | | |
| f Other credits | | | | |

Foreign Taxes

| | | | | |
|--|--|--|--|--|
| 16b Gross income from all sources | | | | |
| c Gross income sourced at partnership level | | | | |
| Foreign gross income sourced at partnership level: | | | | |
| d Passive category | | | | |
| e General category | | | | |
| f Other | | | | |
| Deductions allocated and apportioned at partner level: | | | | |
| g Interest expense | | | | |
| h Other | | | | |
| Deductions allocated and apportioned at partnership level: | | | | |
| i Passive category | | | | |
| j General category | | | | |
| k Other | | | | |
| l Total foreign taxes paid or accrued | | | | |
| m Reduction in taxes available for credit | | | | |

Adjustments and Tax Preference Items

| | | | | |
|--|--------|----------|---------|--------|
| 17a Depreciation adjustment on post-1986 property | 3,117. | -46,630. | 49,747. | 106.68 |
| b Adjusted gain or loss | -438. | | -438. | |
| c Depletion (other than oil and gas) | | | | |
| d Gross income from oil, gas or geothermal properties | | | | |
| e Deductions allocated to oil, gas, or geothermal properties | | | | |
| f Other adjustments and tax preference items | | | | |

Other

| | | | | |
|--|---------|--|---------|--|
| 18a Tax-exempt interest income | | | | |
| b Other tax-exempt income | | | | |
| c Nondeductible expenses | 13,295. | | 13,295. | |
| 19a Distributions of money (cash and securities) | 0. | | 0. | |
| b Distributions of property other than money | 0. | | 0. | |
| 20a Investment income | | | | |
| b Investment expenses | | | | |

Form 1065, Page 4

| | | | | |
|---------------------|----------|-----------|------------|--------|
| 1 Net income (loss) | 550,195. | -900,402. | 1,450,597. | 161.11 |
|---------------------|----------|-----------|------------|--------|

PTPW4712 11/23/07

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

S. C. CLUB, L. P. [REDACTED]

1

Form 1065, Line 20

Other deductions

| | |
|--|----------|
| ACCOUNTING | |
| SERVICE CHARGE CREDIT FROM S/E | |
| SUNDRY COSTS SPECIAL EVENTS | -150. |
| OUTSIDE SECURITY COSTS | 122,779. |
| SECURITY CREDITS SPECIAL EVENTS | |
| FEDEX/UPS MESSENGER SERVICES | 5,741. |
| DECORATIONS EXPENSE | 3,485. |
| LAUNDRY AND UNIFORMS | 19,145. |
| DUES AND SUBSCRIPTIONS | 8,955. |
| KITCHEN SUPPLIES | 1,874. |
| BAR SUPPLIES | 50,316. |
| CHINA, GLASS AND SILVER | 878. |
| EQUIPMENT RENTALS | -4,772. |
| EQUIPMENT LEASE | 38,940. |
| CASH OVER/SHORT | 3,144. |
| OUTSIDE SERVICES | 36,034. |
| ADP CHARGES | 11,173. |
| ADVERTISING | 225,552. |
| IN HOUSE PROMOTIONS | 28,524. |
| TOTAL COMPS EXPENSE | 86,066. |
| CUSTOMER CLAIMS | 0. |
| COMPS SALES TAX COSTS | 7,260. |
| COMPS TIPS | 19,065. |
| BANK CHARGES AND CREDIT CARD FEES | 150,204. |
| OFFICE SUPPLIES | 29,802. |
| POSTAGE EXPENSE | 5,356. |
| UTILITY COSTS | 89,138. |
| TELEPHONE EXPENSE | 27,039. |
| COMPUTER EXPENSE | 3,170. |
| LATE FEES PAID | 12,738. |
| INSURANCE EXPENSE | 295,205. |
| CLAIMS COSTS | 2,400. |
| PROFESSIONAL FEES | 9,100. |
| PARKING COSTS, NET | |
| MANAGEMENT FEES | |
| INTERMEDIA EXPENSE | |
| INTERMEDIA INCOME | |
| DEFERRED CHARGE WRITE OFF | 6,201. |
| SPECIAL EVENTS - CREDITS CLUB | -68,115. |
| OTHER MANAGEMENT COSTS | |
| OTHER PROMOTIONAL COSTS | |
| EMPLOYEE BENEFITS | |
| INCENTIVE PAYMENTS | 8,248. |
| OTHER GENERAL AND ADMINISTRATIVE COSTS | |
| MISCELLANEOUS EXPENSES | |
| REIMBURSEMENT COSTS | |
| ADVERTISING | |
| STORAGE AND MOVING COSTS | 12,002. |
| DEFERRED CHARGE WRITE-OFF | |
| AMORTIZATION | 3,439. |
| BANK CHARGES | |
| DELIVERY AND FREIGHT | |
| DUES AND SUBSCRIPTIONS | |
| EQUIPMENT RENT | |
| INSURANCE | |
| LAUNDRY AND CLEANING | |
| LEGAL AND PROFESSIONAL | |
| - PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED - | |

S. C. CLUB, L. P. [REDACTED]

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Form 1065, Line 20

Continued

Other deductions

| | |
|---------------------------------|-------------------|
| OFFICE EXPENSE | |
| OUTSIDE SERVICES | |
| PARKING FEES AND TOLLS | 119,700. |
| POSTAGE | |
| SECURITY | |
| TELEPHONE | |
| TRAVEL | |
| UTILITIES | |
| CLUB CREDITS - SPECIAL EVENTS | -13,941. |
| DECORATIONS | |
| KITCHEN AND RESTAURANT SUPPLIES | |
| BAR SUPPLIES | |
| CHINA, GLASS AND SILVER | |
| STORAGE SPACE RENTALS | |
| EQUIPMENT LEASES | |
| CASH OVER/SHORT | |
| ADP CHARGES | |
| IN-HOUSE PROMOTIONS | |
| TOTAL COMP EXPENSE | |
| CUSTOMER CLAIMS | |
| COMPS - SALES TAX | |
| COMPS - TIPS | |
| COMPUTER EXPENSES | |
| INCENTIVE BONUS | |
| DEFERRED CHARGE EXPENSES | |
| MEALS AND ENTERTAINMENT (50%) | 13,296. |
| Total | <u>1,368,991.</u> |

Form 1065, Schedule M-1, Line 7

Sch M-1, Line 7

| | |
|---------------------|----------------|
| PRIOR YEAR EXPENSES | 10,473. |
| Total | <u>10,473.</u> |

Form 1065, Schedule M-2, Line 7

Other decreases

| | |
|-----------------------|--|
| PRIOR YEAR ADJUSTMENT | |
| Total | |

Form 1065, Schedule L, Line 6

Other Current Assets

| Other Current Assets: | Beginning of tax year | End of tax year |
|-------------------------------|-----------------------|-----------------|
| PREPAID EXPENSES | | |
| MISCELLANEOUS RECEIVABLES | | |
| SC LP EXCHANGE | | |
| DUE FROM CORPORATE (DEPOSITS) | | |
| DUE FROM MASTERCARD/VISA | | 28,856. |

PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

S. C. CLUB, L. P. 95-4568569

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Form 1065, Schedule L, Line 6
Other Current Assets

Continued

| Other Current Assets: | Beginning of tax year | End of tax year |
|---|--------------------------|--------------------|
| DUE FROM TICKETMASTER | | 25,672. |
| DUE FROM BEM | | 1,168,343. |
| DUE FROM EMPLOYEES | | |
| DUE FROM BLI | | |
| DUE FROM SIGNATURE CLUB | | |
| DUE FROM AMERICAN EXPRESS | | 1,946. |
| DUE FROM DISCOVER | | 161. |
| DUE FROM DINERS/CARTE BLANCHE | | |
| DUE FROM IN HOUSE ACCOUNTS | | |
| DUE FROM PLUSH LOUNGE LLC | | 286,716. |
| DUE FROM AMERICAN EXPRESS - PLUSH LOUNGE, LLC | | |
| DUE FROM DISCOVER - PLUSH LOUNGE, LLC | | |
| DUE FROM MASTERCARD/VISA - PLUSH LOUNGE, LLC | | |
| EMPLOYEE ADVANCES - PLUSH LOUNGE, LLC | | |
| DUE FROM BRINKS - PLUSH LOUNGE, LLC | | 33,337. |
| DUE FROM VEGAS.COM - PLUSH LOUNGE, LLC | | |
| DUE FROM MORONGO | | 2,729. |
| Total | | <u>1,547,760.</u> |

Form 1065, Schedule L, Line 13
Other Assets

| Other Assets: | Beginning of tax year | End of tax year |
|------------------------------|--------------------------|--------------------|
| DEPOSITS | | |
| LOAN COSTS | | |
| DEPOSITS - PLUSH LOUNGE, LLC | | |
| Total | | |

Form 1065, Schedule L, Line 17
Other Current Liabilities

| Other Current Liabilities: | Beginning of tax year | End of tax year |
|--|--------------------------|--------------------|
| ACCRUED INTEREST PAYABLE | | 75,443. |
| SALES TAX PAYABLE | | 172,997. |
| ACCRUED PAYROLL TAXES | | |
| GARNISHMENT PAYABLE | | 169. |
| SPECIAL EVENT DEPOSITS | | 19,500. |
| ADVANCE TICKET SALES | | 2,724. |
| ADDITIONAL BAR K, INC. ACCRUED INTEREST | | |
| DEFERRED REVENUE - DINING A LA CARD | | |
| OTHER MISCELLANEOUS CREDITS | | 1,240. |
| ACCRUED EXPENSES | -825,177. | |
| GARNISHMENTS - PLUSH LOUNGE, LLC | | |
| SALES TAXES PAYABLE - PLUSH LOUNGE, LLC | | |
| SPECIAL EVENTS DEPOSIT - PLUSH LOUNGE, LLC | | |
| ACCRUED INTEREST PAYABLE EPP | | 288,066. |

PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

S. C. CLUB, L. P. [REDACTED]

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Form 1065, Schedule L, Line 17
Other Current Liabilities

Continued

| Other Current Liabilities: | Beginning of tax year | End of tax year |
|-----------------------------------|--------------------------|--------------------|
| Total | <u>-825,177.</u> | <u>560,139.</u> |

S. C. CLUB, L. P. [REDACTED]

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Supporting Statement of:

Form 1065 p1-2/Line 9a

| Description | Amount |
|--------------------------------|----------|
| KITCHEN AND RESTAURANT PAYROLL | 170,811. |
| CLUB PAYROLL | 114,159. |
| BOARDROOM PAYROLL | |
| BOX OFFICE PAYROLL | 17,735. |
| SPECIAL EVENTS PAYROLL | |
| RETAIL PAYROLL COSTS | |
| MAINTENANACE PAYROLL | 57,564. |
| SECURITY PAYROLL | 156,022. |
| ADMINISTRATION PAYROLL | 147,430. |
| ACCOUNTING PAYROLL | |
| MANAGEMENT PAYROLL | 280,469. |
| PLUSH LOUNGE, LLC | |
| Total | 944,190. |

Supporting Statement of:

Form 1065 p1-2/Line 11

| Description | Amount |
|-------------------|----------|
| KEY CLUB | |
| PLUSH LOUNGE, LLC | 208,145. |
| Total | 208,145. |

Supporting Statement of:

Form 1065 p1-2/Line 13

| Description | Amount |
|-------------------|----------|
| KEY CLUB | |
| PLUSH LOUNGE, LLC | 673,080. |
| Total | 673,080. |

Supporting Statement of:

Form 1065 p1-2/Line 14c1

| Description | Amount |
|--------------------------------------|---------|
| KITCHEN AND RESTAURANT PAYROLL TAXES | 67,386. |
| CLUB PAYROLL TAXES | 91,692. |
| BOARDROOM PAYROLL TAXES | |
| BOX OFFICE PAYROLL TAXES | 5,026. |

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

S. C. CLUB, L. P. [REDACTED]

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Continued

Supporting Statement of:

Form 1065 pl-2/Line 14c1

| Description | Amount |
|------------------------------|-----------------|
| SPECIAL EVENTS PAYROLL TAXES | -58,194. |
| RETAIL PAYROLL TAXES | |
| MAINTENANCE PAYROLL TAXES | 16,174. |
| SECURITY PAYROLL TAXES | 49,882. |
| ADMINISTRATION PAYROLL TAXES | 64,108. |
| ACCOUNTING PAYROLL TAXES | |
| MANAGEMENT PAYROLL TAXES | 110,042. |
| PLUSH LOUNGE, LLC | |
| Total | <u>346,116.</u> |

Supporting Statement of:

Form 1065 pl-2/Schedule A, Line 1

| Description | Amount |
|-------------|----------------|
| RETAIL | |
| RESTAURANT | 39,617. |
| CLUB | |
| Total | <u>39,617.</u> |

Supporting Statement of:

Form 1065 pl-2/Schedule A, Line 7

| Description | Amount |
|-------------|----------------|
| RETAIL | |
| RESTAURANT | |
| CLUB | 39,617. |
| Total | <u>39,617.</u> |

Supporting Statement of:

Two Year Comparison/Line 11- prior col

| Description | Amount |
|-------------------|-----------------|
| KEY CLUB | 191,688. |
| PLUSH LOUNGE, LLC | |
| Total | <u>191,688.</u> |

- PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED -

Form **8879-PE**

**IRS e-file Signature Authorization
for Form 1065**

OMB No. 1545-2042

2007

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax year beginning _____, 2007,
ending _____

▶ See instructions. Do not send to the IRS. Keep for your records.

Name of partnership

S. C. CLUB, L. P.

Employer identification number

Part I Tax Return Information (Whole dollars only)

| | | | |
|---|--|---|------------|
| 1 | Gross receipts or sales less returns and allowances (Form 1065, line 1c) | 1 | 6,717,954. |
| 2 | Gross profit (Form 1065, line 3) | 2 | 4,370,051. |
| 3 | Ordinary business income (loss) (Form 1065, line 22) | 3 | 558,229. |
| 4 | Net rental real estate income (loss) (Form 1065, Schedule K, line 2) | 4 | |
| 5 | Other net rental income (loss) (Form 1065, Schedule K, line 3c) | 5 | |

Part II Declaration and Signature Authorization of General Partner or Limited Liability Company Member Manager (Be sure to get a copy of the partnership's return)

Under penalties of perjury, I declare that I am a general partner or limited liability company member manager of the above partnership and that I have examined a copy of the partnership's 2007 electronic return of partnership income and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the partnership's electronic tax return. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the partnership's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, and (b) the reason for any delay in processing the return. I have selected a personal identification number (PIN) as my signature for the partnership's electronic income tax return.

General Partner or Limited Liability Company Member Manager's PIN: check one box only

☐ I authorize _____ to enter my PIN _____ as my signature on the
partnership's 2007 electronically filed income tax return.
ERO firm name do not enter all zeros

☒ As a general partner or limited liability company member manager of the partnership, I will enter my PIN as my signature on the partnership's 2007 electronically filed income tax return.

General partner or limited liability company member manager's signature ▶ _____

Title ▶ GENERAL PARTNER

Date ▶ _____

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. _____

do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2007 electronically filed income tax return for the partnership indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub 3112, IRS e-file Application and Participation, and Pub 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers.

ERO's signature ▶ _____ Date ▶ 01/05/2009

**ERO Must Retain This Form - See Instructions
Do Not Submit This Form to the IRS Unless Requested To Do So**

BAA For Paperwork Reduction Act Notice, see instructions.

Form 8879-PE (2007)

Form 7004 Electronic Filing Information Worksheet

2007

| | |
|---------------------------|--------------------------------------|
| Name S. C. CLUB, L. P. | Social Security Number [REDACTED] |
|---------------------------|--------------------------------------|

Prepare Form 7004 for Electronic Filing

Extension accepted ☒

Signature of Officer

Officer's Name
Officer's Title
Signature Date

Perjury Statement: Under penalties of perjury, I declare that I have been authorized by the above taxpayer to make this authorization and that I have examined a copy of the taxpayer's electronic extension (Form 7004) for the tax period indicated above and to the best of my knowledge and belief, it is true, correct, and complete.

Consent to disclosure: I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the partnership's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund.

Schedule K-1 (Form 1065) 2007 S. C. CLUB, INC.

Page 2

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

| | Code | Report on |
|---|------|--------------------------------|
| 1 Ordinary business income (loss). You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows: | | |
| Passive loss | | Form 8844, line 3 |
| Passive income | | |
| Nonpassive loss | | |
| Nonpassive income | | See the Partner's Instructions |
| 2 Net rental real estate income (loss) | | |
| 3 Other net rental income (loss) | | Form 1040, line 64 |
| Net income | | See the Partner's Instructions |
| Net loss | | |
| 4 Guaranteed payments | | |
| 5 Interest income | | |
| 6a Ordinary dividends | | |
| 6b Qualified dividends | | |
| 7 Royalties | | |
| 8 Net short-term capital gain (loss) | | |
| 9a Net long-term capital gain (loss) | | |
| 9b Collectibles (28%) gain (loss) | | |
| 9c Unrecaptured section 1250 gain | | |
| 10 Net section 1231 gain (loss) | | |
| 11 Other income (loss) | | |
| Code | | |
| A Other portfolio income (loss) | | |
| B Involuntary conversions | | |
| C Section 1256 contracts and straddles | | |
| D Mining exploration costs recapture | | |
| E Cancellation of debt | | |
| F Other income (loss) | | |
| 12 Section 179 deduction | | |
| 13 Other deductions | | |
| A Cash contributions (50%) | | |
| B Cash contributions (30%) | | |
| C Noncash contributions (50%) | | |
| D Noncash contributions (30%) | | |
| E Capital gain property to a 50% organization (30%) | | |
| F Capital gain property (20%) | | |
| G Investment interest expense | | |
| H Deductions — royalty income | | |
| I Section 59(e)(2) expenditures | | |
| J Deductions — portfolio (2% floor) | | |
| K Deductions — portfolio (other) | | |
| L Amounts paid for medical insurance | | |
| M Educational assistance benefits | | |
| N Dependent care benefits | | |
| O Preproductive period expenses | | |
| P Commercial revitalization deduction from rental real estate activities | | |
| Q Pensions and IRAs | | |
| R Reforestation expense deduction | | |
| S Domestic production activities information | | |
| T Qualified production activities income | | |
| U Employer's W-2 wages | | |
| V Other deductions | | |
| 14 Self-employment earnings (loss) | | |
| Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE. | | |
| A Net earnings (loss) from self-employment | | |
| B Gross farming or fishing income | | |
| C Gross non-farm income | | |
| 15 Credits | | |
| A Low-income housing credit (section 42(j)(5)) | | |
| B Low-income housing credit (other) | | |
| C Qualified rehabilitation expenditures (rental real estate) | | |
| D Other rental real estate credits | | |
| E Other rental credits | | |
| F Undistributed capital gains credit | | |
| G Credit for alcohol used as fuel | | |
| H Work opportunity credit | | |
| I Welfare-to-work credit | | |
| J Disabled access credit | | |
| 16 Foreign transactions | | |
| A Name of country or U.S. possession | | |
| B Gross income from all sources | | |
| C Gross income sourced at partner level | | |
| Foreign gross income sourced at partnership level | | |
| D Passive category | | |
| E General category | | |
| F Other | | |
| Deductions allocated and apportioned at partner level | | |
| G Interest expense | | |
| H Other | | |
| Deductions allocated and apportioned at partnership level to foreign source income | | |
| I Passive category | | |
| J General category | | |
| K Other | | |
| Other information | | |
| L Total foreign taxes paid | | |
| M Total foreign taxes accrued | | |
| N Reduction in taxes available for credit | | |
| O Foreign trading gross receipts | | |
| P Extraterritorial income exclusion | | |
| Q Other foreign transactions | | |
| 17 Alternative minimum tax (AMT) items | | |
| A Post-1986 depreciation adjustment | | |
| B Adjusted gain or loss | | |
| C Depletion (other than oil & gas) | | |
| D Oil, gas, & geothermal — gross income | | |
| E Oil, gas, & geothermal — deductions | | |
| F Other AMT items | | |
| 18 Tax-exempt income and nondeductible expenses | | |
| A Tax-exempt interest income | | |
| B Other tax-exempt income | | |
| C Nondeductible expenses | | |
| 19 Distributions | | |
| A Cash and marketable securities | | |
| B Other property | | |
| 20 Other information | | |
| A Investment income | | |
| B Investment expenses | | |
| C Fuel tax credit information | | |
| D Qualified rehabilitation expenditures (other than rental real estate) | | |
| E Basis of energy property | | |
| F Recapture of low-income housing credit (section 42(j)(5)) | | |
| G Recapture of low-income housing credit (other) | | |
| H Recapture of investment credit | | |
| I Recapture of other credits | | |
| J Look-back interest — completed long-term contracts | | |
| K Look-back interest — income forecast method | | |
| L Dispositions of property with section 179 deductions | | |
| M Recapture of section 179 deduction | | |
| N Interest expense for corporate partners | | |
| O Section 453(j)(3) information | | |
| P Section 453A(c) information | | |
| Q Section 1260(b) information | | |
| R Interest allocable to production expenditures | | |
| S CCF nonqualified withdrawals | | |
| T Information needed to figure depletion — oil and gas | | |
| U Amortization of reforestation costs | | |
| V Unrelated business taxable income | | |
| W Other information | | |

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Schedule K-1 (Form 1065) 2007

Schedule K-1 (Form 1065) 2007 JERROLD S. PRESSMAN

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return. Page 2

| | Code | Report on |
|---|------|--------------------------------|
| 1 Ordinary business income (loss). You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows: | | |
| Passive loss | | Form 8844, line 3 |
| Passive income | | |
| Nonpassive loss | | See the Partner's instructions |
| Nonpassive income | | |
| 2 Net rental real estate income (loss) | | Form 1040, line 64 |
| 3 Other net rental income (loss) | | See the Partner's instructions |
| Net income | | |
| Net loss | | |
| 4 Guaranteed payments | | |
| 5 Interest income | | |
| 6a Ordinary dividends | | |
| 6b Qualified dividends | | |
| 7 Royalties | | |
| 8 Net short-term capital gain (loss) | | |
| 9a Net long-term capital gain (loss) | | |
| 9b Collectibles (28%) gain (loss) | | |
| 9c Unrecaptured section 1250 gain | | |
| 10 Net section 1231 gain (loss) | | |
| 11 Other income (loss) | | |
| Code | | |
| A Other portfolio income (loss) | | |
| B Involuntary conversions | | |
| C Section 1256 contracts and straddles | | |
| D Mining exploration costs recapture | | |
| E Cancellation of debt | | |
| F Other income (loss) | | |
| 12 Section 179 deduction | | |
| 13 Other deductions | | |
| A Cash contributions (50%) | | |
| B Cash contributions (30%) | | |
| C Noncash contributions (50%) | | |
| D Noncash contributions (30%) | | |
| E Capital gain property to a 50% organization (30%) | | |
| F Capital gain property (20%) | | |
| G Investment interest expense | | |
| H Deductions — royalty income | | |
| I Section 59(e)(2) expenditures | | |
| J Deductions — portfolio (2% floor) | | |
| K Deductions — portfolio (other) | | |
| L Amounts paid for medical insurance | | |
| M Educational assistance benefits | | |
| N Dependent care benefits | | |
| O Preproductive period expenses | | |
| P Commercial revitalization deduction from rental real estate activities | | |
| Q Pensions and IRAs | | |
| R Reforestation expense deduction | | |
| S Domestic production activities information | | |
| T Qualified production activities income | | |
| U Employer's W-2 wages | | |
| V Other deductions | | |
| 14 Self-employment earnings (loss) | | |
| Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE. | | |
| A Net earnings (loss) from self-employment | | |
| B Gross farming or fishing income | | |
| C Gross non-farm income | | |
| 15 Credits | | |
| A Low-income housing credit (section 42(i)(5)) | | |
| B Low-income housing credit (other) | | |
| C Qualified rehabilitation expenditures (rental real estate) | | |
| D Other rental real estate credits | | |
| E Other rental credits | | |
| F Undistributed capital gains credit | | |
| G Credit for alcohol used as fuel | | |
| H Work opportunity credit | | |
| I Welfare-to-work credit | | |
| J Disabled access credit | | |
| Code | | |
| K Empowerment zone and renewal community employment credit | | |
| L Credit for increasing research activities | | |
| M New markets credit | | |
| N Credit for employer social security and Medicare taxes | | |
| O Backup withholding | | |
| P Other credits | | |
| 16 Foreign transactions | | |
| A Name of country or U.S. possession | | |
| B Gross income from all sources | | |
| C Gross income sourced at partner level | | |
| Foreign gross income sourced at partnership level | | |
| D Passive category | | |
| E General category | | |
| F Other | | |
| Deductions allocated and apportioned at partner level | | |
| G Interest expense | | |
| H Other | | |
| Deductions allocated and apportioned at partnership level to foreign source income | | |
| I Passive category | | |
| J General category | | |
| K Other | | |
| Other information | | |
| L Total foreign taxes paid | | |
| M Total foreign taxes accrued | | |
| N Reduction in taxes available for credit | | |
| O Foreign trading gross receipts | | |
| P Extraterritorial income exclusion | | |
| Q Other foreign transactions | | |
| 17 Alternative minimum tax (AMT) items | | |
| A Post-1986 depreciation adjustment | | |
| B Adjusted gain or loss | | |
| C Depletion (other than oil & gas) | | |
| D Oil, gas, & geothermal — gross income | | |
| E Oil, gas, & geothermal — deductions | | |
| F Other AMT items | | |
| 18 Tax-exempt income and nondeductible expenses | | |
| A Tax-exempt interest income | | |
| B Other tax-exempt income | | |
| C Nondeductible expenses | | |
| 19 Distributions | | |
| A Cash and marketable securities | | |
| B Other property | | |
| 20 Other information | | |
| A Investment income | | |
| B Investment expenses | | |
| C Fuel tax credit information | | |
| D Qualified rehabilitation expenditures (other than rental real estate) | | |
| E Basis of energy property | | |
| F Recapture of low-income housing credit (section 42(i)(5)) | | |
| G Recapture of low-income housing credit (other) | | |
| H Recapture of investment credit | | |
| I Recapture of other credits | | |
| J Look-back interest — completed long-term contracts | | |
| K Look-back interest — income forecast method | | |
| L Dispositions of property with section 179 deductions | | |
| M Recapture of section 179 deduction | | |
| N Interest expense for corporate partners | | |
| O Section 453(l)(3) information | | |
| P Section 453A(c) information | | |
| Q Section 1260(b) information | | |
| R Interest allocable to production expenditures | | |
| S CCF nonqualified withdrawals | | |
| T Information needed to figure depletion — oil and gas | | |
| U Amortization of reforestation costs | | |
| V Unrelated business taxable income | | |
| W Other information | | |

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Schedule K-1 (Form 1065) 2007

Form 1065

**Partnership
Five Year Tax History**

2007

► Keep for your records

| | | | | | |
|--|------|------|------|----------------------------------|--------------|
| Name as Shown on Return S. C. CLUB, L. P. | | | | Employer ID Number [REDACTED] | |
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| 1 Gross receipts | | | | 2,583,487. | 4,370,051. |
| 2 Total business deductions | | | | 3,482,389. | 3,811,822. |
| 3 Net business income | | | | -898,902. | 558,229. |
| 4 Guaranteed payments | | | | | |
| 5 Other distributive income | | | | | -7,034. |
| 6 Total distributive income | | | | -898,902. | 551,195. |
| 7 Beginning capital | | | | -13,957,329. | -13,579,857. |
| 8 Capital contributions | | | | | 0. |
| 9 Withdrawals and distributions | | | | | 0. |
| 10 Other increases | | | | | |
| 11 Other decreases | | | | | |
| 12 Ending capital | | | | -14,857,731. | -12,852,808. |

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Form 1065

Financial Statement Ratio Analysis

2007

► Keep for your records

| | | | |
|--|------|--|-----------------|
| Name of Partnership S. C. CLUB, L. P. | | Employer Identification Number [REDACTED] | |
| | 2007 | 2006 | U.S. Average |

Liquidity Ratios

| | | | |
|---|-----|------|--|
| 1 Current Ratio | 2.2 | -1.9 | |
| Current Assets/Current Liabilities. Measures ability of the business to meet its current liabilities. | | | |
| 2 Acid Test (Quick Ratio) | 2.2 | -1.8 | |
| Quick Assets/Current Liabilities. Measures liquidity (conservative estimate). Eliminates assets not readily converted to cash. | | | |

Profitability Ratios

| | | | |
|---|------|-------|--|
| 3 Return on Total Assets (ROA) | 11.3 | -13.5 | |
| Net Income/Total Assets. Measures how effectively business assets are used to produce profit. Prior year amounts: Net Income -900,402. | | | |
| 4 Return on Equity (ROE) | -5.5 | 6.5 | |
| Net Income/Average Equity. Measures the earning power of the business. Prior year amounts: Beginning Equity -13,957,329. | | | |

Leverage Ratios

| | | | |
|--|--------|--------|--|
| 5 Total Liabilities to Equity | -149.9 | -149.0 | |
| Total Liabilities/Equity. Measures the relationship between all creditors and the owners. | | | |
| 6 Fixed Assets to Long-Term Liabilities | 37.0 | 38.7 | |
| Fixed Assets/Long-Term Liabilities. Measures equity and relative ability to increase borrowing. | | | |

Activity Ratios

| | | | |
|---|-------|-------|--|
| 7 Inventory Turnover | 169.6 | 124.6 | |
| Net Sales/Average Inventory. Measures how long the current inventory will be in stock and how soon it will be turned into sales. Prior year amounts: Beginning inventory 39,617. Net sales 4,934,745. | | | |
| 8 Depreciation to Property Plant and Equipment | 2.6 | 2.3 | |
| Depreciation Expense/PPE. Measures reasonableness and consistency of depreciation over time. Prior year amounts: Depreciation expense 184,503. | | | |